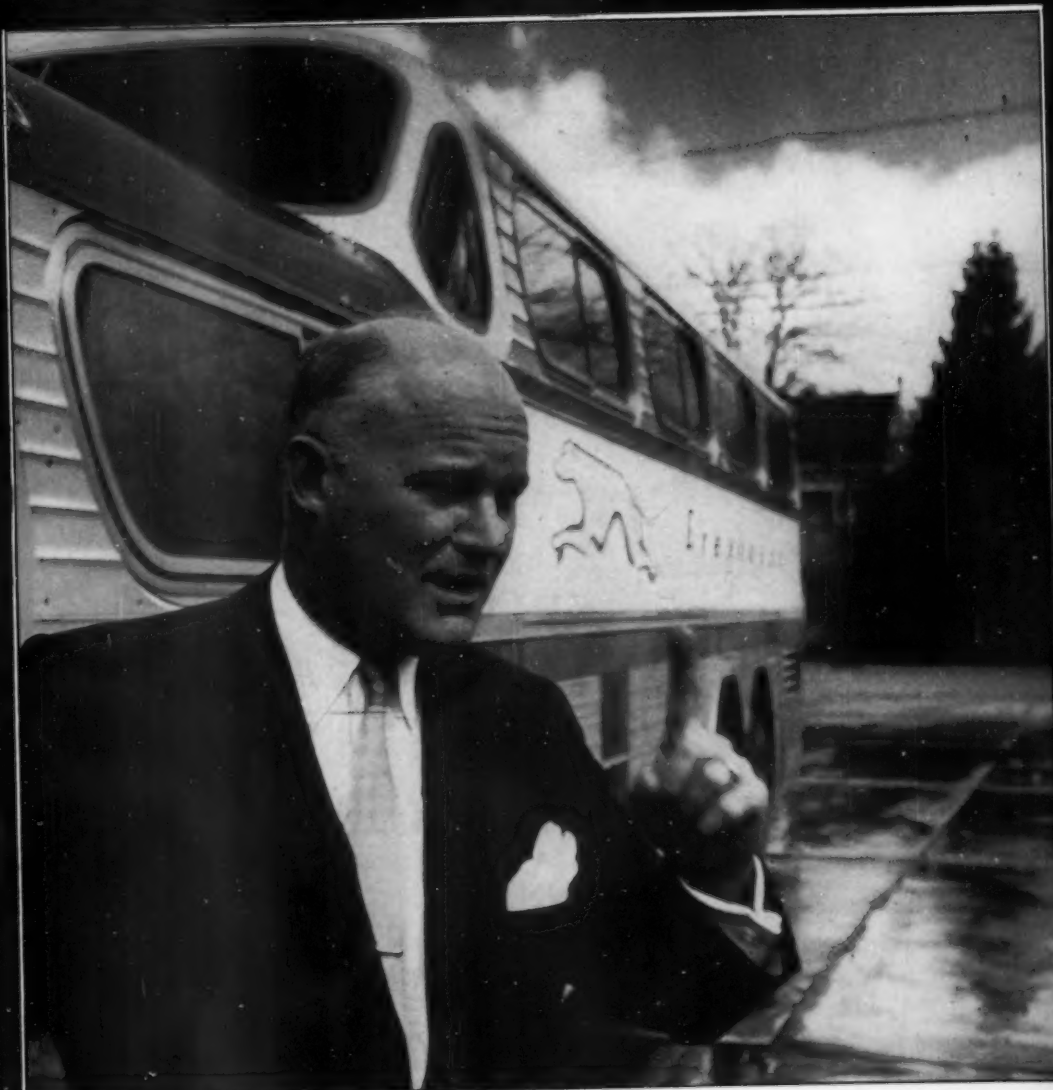


BUSINESS WEEK



Arthur S. Genet of Greyhound Corp.: Tooling up for a sure thing (page 174)

A MCGRAW HILL PUBLICATION

MARCH 16, 1957

E B POWER
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2-C



Good news for mukluk-makers *and others*

UP NORTH, where a snug pair of boots can make the difference between toes and *no* toes, Eskimos soften the hides by chewing. Here at home, glycerine does the same job—faster and better.

But Shell Chemical's glycerine takes on hundreds of other important industrial jobs. It goes into tough, fast-drying paints and enamels . . .

helps put the kick into mining explosives. It makes cellophane flexible, holds freshness in tobacco and candy, goes into manufacture of textiles and toothpaste, glues and glass cleaners.

High-purity glycerine is another example of Shell Chemical's contribution to industrial progress.

Shell Chemical Corporation

Chemical Partner of Industry and Agriculture

NEW YORK



GENERAL BUSINESS

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FIGURES OF THE WEEK



BUSINESS WEEK INDEX (chart)

PRODUCTION

	1946 Average	Year Ago	Month Ago	Week Ago	\$ Latest Week
Steel Ingot (thous. of tons).....	1,281	2,477	2,501	12,411	2,373
Automobiles and trucks.....	62,880	164,403	179,776	1172,816	171,409
Engineering const. awards (Eng. News-Rec. 4-wk daily av. in thous.).....	\$17,083	\$77,439	\$57,045	\$57,739	\$62,114
Electric power (millions of kilowatt-hours).....	4,238	11,133	12,019	11,791	11,867
Crude oil and condensate (daily av., thous. of bbls.).....	4,751	7,162	7,461	7,519	7,813
Bituminous coal (daily av., thous. of tons).....	1,745	1,647	1,463	1,642	1,633
Paperboard (tons).....	167,269	285,170	282,539	266,246	280,314

TRADE

Carloadings: miscellaneous and L.C.I. (daily av., thous. of cars).....	82	74	67	68	71
Carloadings: all others (daily av., thous. of cars).....	53	45	41	44	47
Department store sales index (1947-49 = 100, not seasonally adjusted).....	90	104	94	100	100
Business failures (Dun & Bradstreet, number).....	22	268	287	284	327

PRICES

Spot commodities, daily index (Moody's, Dec. 31, 1931 = 100).....	311.9	405.5	420.0	411.7	412.3
Industrial raw materials, daily index (BLS, 1947-49 = 100).....	††73.2	99.1	95.3	94.3	94.5
Foodstuffs, daily index (BLS, 1947-49 = 100).....	††75.4	76.5	81.5	80.3	80.7
Print cloth (spot and nearby, yd.).....	17.5¢	20.0¢	18.3¢	18.0¢	18.0¢
Finished steel, index (BLS, 1947-49 = 100).....	††76.4	157.1	171.9	††73.7	173.8
Scrap steel composite (Iron Age, ton).....	\$20.27	\$48.83	\$53.33	\$50.50	\$49.50
Copper (electrolytic, delivered price, E & M J, lb.).....	14.045¢	47.765¢	33.869¢	31.910¢	31.970¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.).....	\$1.97	\$2.25	\$2.32	\$2.35	\$2.35
Cotton, daily price (middling, 1 in., 14 designated markets, lb.).....	**30.56¢	36.36¢	33.79¢	†33.83¢	33.79¢
Wool tops (Boston, lb.).....	\$1.51	\$1.80	\$2.21	\$2.14	\$2.14

FINANCE

500 stocks composite, price index (S&P's, 1941-43 = 10).....	17.08	46.91	42.99	43.92	43.97
Medium grade corporate bond yield (Baa issues, Moody's).....	3.05%	3.58%	4.47%	4.46%	4.43%
Prime commercial paper, 4 to 6 months, N. Y. City (prevailing rate).....	¾-1%	3%	3½%	3½%	3½%

BANKING (Millions of Dollars)

Demand deposits adjusted, reporting member banks.....	††45,820	56,417	56,874	56,370	55,791
Total loans and investments, reporting member banks.....	††71,916	84,338	85,069	85,038	84,975
Commercial and agricultural loans, reporting member banks.....	††9,299	26,454	30,162	30,314	30,444
U. S. gov't guaranteed obligations held, reporting member banks.....	††49,879	28,157	25,921	25,723	25,532
Total federal reserve credit outstanding.....	23,888	25,118	25,146	24,813	24,871

MONTHLY FIGURES OF THE WEEK

	Average	Year Ago	Month Ago	Latest Month	
Employment (in millions).....	February	55.2	62.6	62.6	63.2
Unemployment (in millions).....	February	2.3	2.9	3.2	3.1
Average weekly earnings in manufacturing.....	February	\$43.82	\$78.17	\$82.21	\$82.41
Wholesale prices (U. S. Dept. of Labor BLS, 1947-49 = 100).....	February	78.7	112.4	116.9	117.0
Housing starts (in thousands).....	February	55.9	78.3	65.0	65.0
Retail sales (seasonally adjusted, in millions).....	January	\$8,541	\$15,658	\$16,491	\$16,439
Retailers' inventories (seasonally adjusted, in billions).....	January	\$9.8	\$24.1	\$23.9	\$24.0
Wholesalers' inventories (seasonally adjusted, in billions).....	January	\$5.5	\$12.4	\$13.3	\$13.2
Personal income (seasonally adjusted, in billions).....	January	\$178.0	\$316.7	\$334.0	\$335.2
Farm income (seasonally adjusted, in billions).....	January	\$16.9	\$15.1	\$15.2	\$15.2
Exports (in millions).....	January	\$812	\$1,284	\$1,993	\$1,675

† Preliminary, week ended March 9, 1957.
† Revised.

†† Estimate.
** Ten designated markets, middling ½ in.

‡ Date for 'Latest Week' on each series on request.

THE PICTURES—American La France—125 (bot.); Black Star—112; Grant Compton—44, 45, 46, 87, 88; Cushman Motor Works, Inc.—134; Douglas Aircraft Co., Inc.—41 (top); General Electric Co.—41 (bot); Greyhound Post Houses Inc.—174 (bot. lt.); Grayven Lines—175 (lt.); Harvard University—192 (top); Herb Kratochvil—122, 123, 125 (top), 126, 128, 191 (cen. & bot. rt.); 194 (cen.); Ed Nemo—cover, 174 (top & bot. rt.), 175 (rt.), 176, 184, 191, (bot. lt.); Bob Phillips—39; Princeton University—198 (top); San Diego Evening Tribune—107 (bot.); Simmons College—198 (bot.); Joan Sydlow—107 (top); U. P.—48, 106; University of Michigan—194 (top); University of Wisconsin—194 (bot.); Yale University—190.

B.F. Goodrich



25-million-ton hole scooped out by rubber

B. F. Goodrich improvements in rubber brought extra savings

Problem: Iron ore used to be hauled out of that mine (so deep a 20-story building would not reach the top) by railroad cars. But as the mine got deeper, the cars couldn't climb the grade.

The mining company thought conveyor belts might be the answer. But could belts haul that far that steep?

What was done: They discussed the problem with B. F. Goodrich men, who recommended the cord conveyor belt, especially developed for jobs where the load is heavy, the climb is steep. This B. F. Goodrich belt is made of cords, running lengthwise, held in place by rubber. It has all the flexibility of rub-

ber plus hundreds of cords to give strength and load-carrying power.

Savings: B. F. Goodrich cord belts were installed in the long shaft you see in the picture. After 13 seasons, and nearly 25 million tons, they look like they'll last several more years.

Extra benefits: Good as this record is, chances are that it will soon be bettered because of the improvements that are constantly being made in B. F. Goodrich belts. In recent years, for example, use of Nyfil fabrics has resulted in conveyor belts that will last even longer, carry heavier loads, stand even more pounding.

Where to buy: Your B. F. Goodrich distributor has exact specifications for the B. F. Goodrich belts described here. And, as a factory-trained specialist in rubber products, he can answer your questions about all the rubber products B. F. Goodrich makes for industry. B. F. Goodrich Industrial Products Co., Dept. M-899, Akron 18, Ohio.





three gentlemen on their way...*out of business!*

And so unnecessary...inventory control by Remington Rand could prevent it.

The sad fact is that these gentlemen are on their way out because of *inadequate inventory control*. They're attempting to carry inventories without the kind of simplified control of individual items that makes it easy to keep such stocks in balance. Eventually they'll discover what it means in terms of losses... what it might have meant in terms of profits!

By the way...how much OVER-

STOCK in *your* inventory — tying up capital and increasing insurance, storage, deterioration and obsolescence? Equally bad... how about UNDERSTOCK resulting in lost sales or idle shop time, expense of rush orders and hand-to-mouth buying? One can be as costly as the other.

Whatever your business — *manufacturing, wholesaling or retailing* — Remington Rand is in a position to offer you the inventory control system best suited to your exact needs. It has specialized in every type of

inventory control... has vast experience... enjoys outstanding prestige in this field. Why not look into the benefits of efficient inventory control today? Write Room 1305, 315 Fourth Avenue, New York 10 — simply specify your interest as manufacturing, wholesaling or retailing. (Absolutely no obligation.)

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READERS REPORT

Something to Curl

Dear Sir:

Re: "No Hair to Curl," Readers Report [BW—Mar.2'57,p5]. A hellfire-and-brimstone preacher was telling his congregation that "there will be weeping and wailing and gnashing of teeth" when he was interrupted by an old lady who inquired, "How about me? I have no teeth!" The preacher, equal to the occasion, replied, "Madam, teeth will be provided!" Don't most bald-headed men have hair on their chests? That will be curled, too!

W. C. McCANSE

SPRINGFIELD, MO.

Kudos

Dear Sir:

My hearty congratulations . . . on the excellent job . . . bringing the story of the U. S. Naval Radiological Defense Laboratory to your readers [BW—Feb.23'57,p114]. . . .

CAPT. RICHARD S. MANDELKORN
USN

U. S. NAVAL RADIOLOGICAL
DEFENSE LABORATORY
SAN FRANCISCO, CALIF.

Wrong Label

Dear Sir:

We are particularly interested in the article Pipeline Pours Coal from Mine to Plant [BW—Feb. 16'57,p190].

This company supplied the coal dryers generally denoted as flash dryers for reducing the moisture content from some 20% to 5%.

The picture shown in the lower right-hand corner of page 191 denoted as drying tower is wholly in error and simply shows the "dried coal storage bin." The conveyor shown discharging into the top of this bin receives the dried coal at 5% moisture from the flash dryers.

C. W. GORDON

MANAGER, RAYMOND DIV.,
COMBUSTION ENGINEERING, INC.
CHICAGO, ILL.

Wrong Name

Dear Sir:

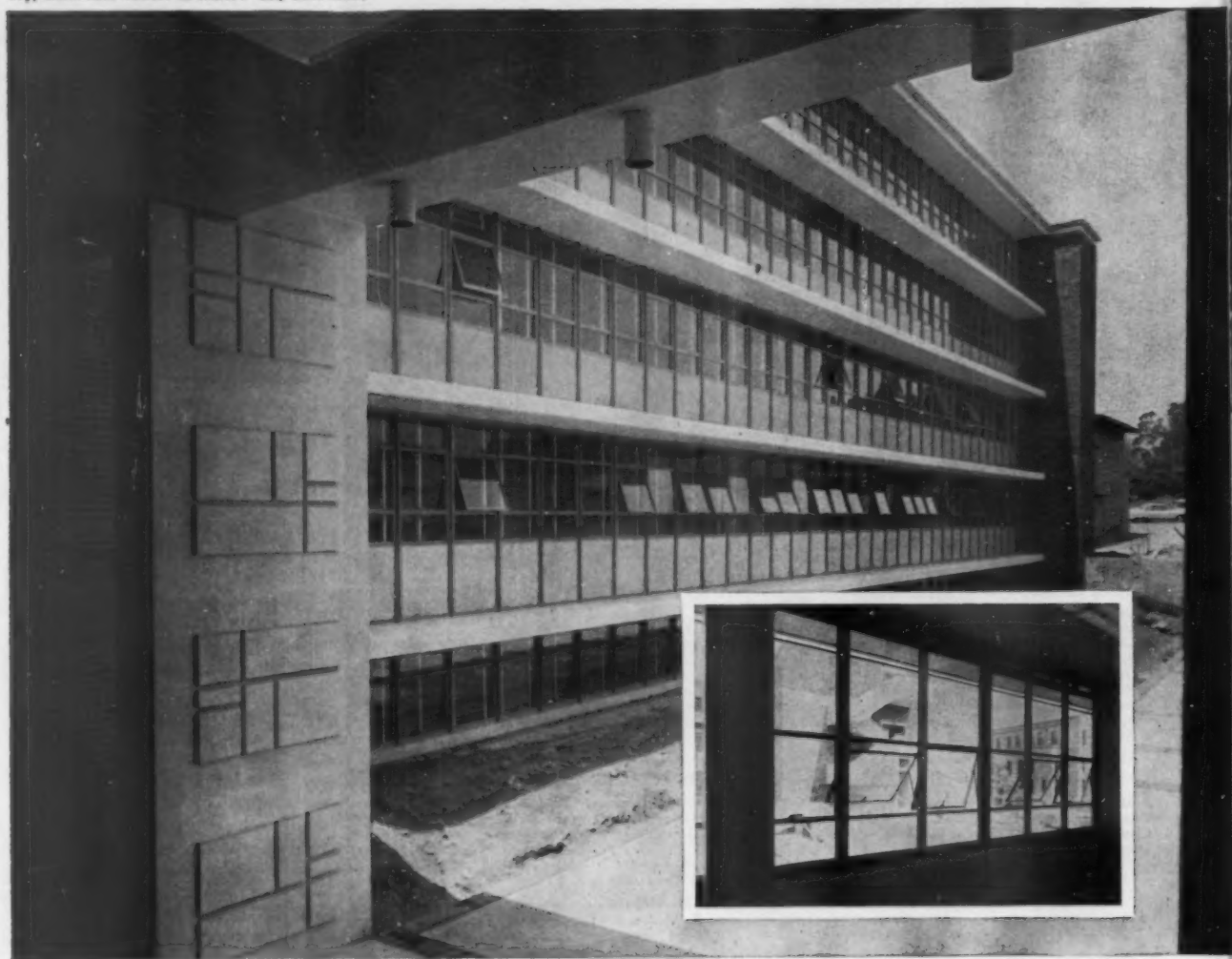
Re: "More Cash in Tax Write-offs"—[BW—Mar.2'57,p28], you refer to Marman Blough as a committee member of the IRS study.

I believe you will find it is "Carman." It is interesting to note that Carman is a brother of Dr. Roy Blough . . . formerly member of the Council of Economic Ad-



University of California, general classrooms and office building, Los Angeles, Calif. Austin, Field and Fry, architects. Robert E. McKee Co., contractor.

They're capturing **WITH TRUSCON**



REPUBLIC



World's Widest Range of Standard Steels

California Sunshine

VISION-VENT WINDOW WALLS

See how effectively Vision-Vent blends with masonry to create truly imposing buildings that are completely functional.

Vision-Vent is Truscon's exciting method of fast, economical wall construction. Vision-Vent goes up like other curtain-wall systems. Fast. Easy. With this important plus—it's a wall with window already in place.

The Vision-Vent system incorporates all mass-production and installation economies of standard steel windows. Each module is complete, sill to ceiling, including fixed lights, awning-type ventilator or Truscon Double-Hung Steel Window, and insulated panel.

For design distinction, insulated panels may be furnished in *colored* porcelain enamel, stainless steel or aluminum. Panels have an insulating value equal to that of an ordinary masonry spandrel wall. They retain interior heat; they provide for air-conditioning efficiency. Wall thickness of less than 1½ inches provides extra square-feet of floor space. Light weight is reflected in structural savings.

Vision-Vent has had a tremendous success in all types of single- and multi-story applications. Truscon window engineers will be glad to study your plans and develop design details and costs. More facts in Sweet's, or send coupon.

STEEL

and Steel Products



TRUSCON "O-T" Steel Joists give you predictable and dependable load-bearing capacity. Every Truscon "O-T" Joist—short-span series—is quality protected. Each is backed by the Steel Joist Institute Seal of Approval. Be safe . . . avoid inferior quality. Specify approved Truscon "O-T" Steel Joists for lightweight, fire-resistant floor and roof support. Send coupon for design data and loading tables.

THINKING "CURTAIN WALL"?

New Truscon booklet offers information to help architects, engineers and contractors make most efficient use of curtain-wall construction. It contains design data and detail drawings covering seven different Truscon Metal Curtain-Wall types. It shows how the Truscon system meets architectural and structural requirements without losing the benefits of efficient shop fabrication, with the designer maintaining full freedom of choice in adapting the proper wall to the structure. Send coupon for your copy.



REPUBLIC STEEL CORPORATION

Dept. C-3051
3114 East 45th Street
Cleveland 27, Ohio

I'm interested in more information on these building products made by Republic's Truscon Steel Division.

- ☐ Vision-Vent Window Walls ☐ Curtain-Wall Systems
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INSURANCE



Not enough of the right
kind of insurance. That's
the shocking explanation of...

Why 43% of all businesses closed

Damage to business properties by an insurable peril—such as fire, explosion or windstorm—usually brings *two* kinds of financial loss in its wake.

Vital protection overlooked. While most businessmen have the foresight to protect themselves with insurance on buildings, furniture and fixtures, merchandise and other property, a surprising number are unaware of the existence of an equally important type of coverage—*Business Interruption Insurance*.

Exactly what is Business Interruption Insurance? Briefly, it is protection against *loss of earnings*. In other words, if disaster temporarily closes your business and shuts off its earnings, Business Interruption Insurance in adequate amount moves in to hold the line.

Business Interruption Insurance can help to pay your federal, state and local taxes ... the interest on your indebtedness ... the salaries of your employees ... and many other items of continuing expense during the period of interruption. In addition,

it can pay you the *profit* you'd have earned except for the disaster.

Too many businessmen have found out too late that insuring against property damage wasn't enough ... they should also have protected their *earnings* with Business Interruption Insurance.

In an overwhelming number of instances, it wasn't the property damage that hurt ... it was the losses which resulted from the in-

terruption to business. These often came to sums greatly in excess of the value of the property actually destroyed!

No business too small. One of the arguments businessmen frequently advance against Business Interruption coverage is that their business is "too small" to need such protection. *Yet who would find it easier to borrow new working capital? Or to*

HOW BUSINESS INTERRUPTION INSURANCE WORKS

(Balance Sheet for One Month)



AS A GOING CONCERN . . .
Sales \$30,000
Cost of Merchandise 18,000
Gross Profit 12,000
Expenses 10,000
Net Profit \$2,000



AFTER A FIRE . . . Without Business Interruption Insurance
Sales None
Cost of Merchandise None
Gross Profit None
Expenses (Necessarily continuing) \$7,000
Loss of Net Profit 2,000
Total Loss \$9,000



AFTER A FIRE . . . With Business Interruption Insurance
Sales None
Cost of Merchandise None
Gross Profit None
Expenses (Necessarily continuing) \$7,000
INSURANCE PAYS 9,000
Net Profit \$2,000

These balance sheets tell a graphic story. Substitute *your* business for the one *without* Business Interruption Insurance and it might be your story tomorrow ... next week ...

Note that your expenses go right on even though your business operations have stopped dead in their

tracks. There's nothing coming in ... and expected profits are being lost every minute of the time it takes you to lay in new stock ... to repair or replace your equipment ... and to get things back on a before-the-disaster schedule. *Don't let this happen to you!*



by disaster fail to reopen!

take it out of reserves? The small company or the big one?

How to tell the amount of insurance needed. Just as no business can afford to be without Business Interruption Insurance, so should none guess at the amount needed. Your Hartford Group Fire Insurance Agent will be glad to help you arrive at the correct figure. Or, if you'd prefer, he will show you how to calculate your Business Interruption needs for yourself.

How much does this insurance cost? In view of the tremendous

"earnings protection" it provides, Business Interruption Insurance actually costs surprisingly little. *Less per \$100 of protection than property insurance!* Determining the cost is a matter of simple arithmetic applied to published fire and extended coverage rates for the building you occupy.

What about adjusting losses? Business Interruption Insurance, as you've seen, is broad protection. So you might expect that losses would be difficult to adjust. They're not.

In fact, Business Interruption losses are often much easier to

handle than property insurance losses from the same cause.

The reason? Adjusters can go right ahead and figure your business interruption losses with only your books to guide them. So there's no problem on this score if you keep your records in a safe place.

Get the whole story—now! Call your Hartford Group Fire Insurance Agent or your insurance broker. Ask him to give you full details about this important, low-cost form of "earnings protection"—Hartford Business Interruption Insurance. Or, if you prefer, mail us the coupon.

*Year in and year out
you'll do well with the*



MAIL THIS COUPON TODAY! Find out how easily you can get low-cost Hartford "income protection" for your business.

Hartford Fire Insurance Company
Hartford Accident and Indemnity Company
Hartford Live Stock Insurance Company
Citizens Insurance Company of New Jersey
Hartford 15, Connecticut
New York Underwriters Insurance Company
New York 38, New York
Northwestern Fire and Marine
Insurance Company
Twin City Fire Insurance Company
Minneapolis 2, Minnesota

Hartford Fire Insurance Company
Hartford 15, Conn. Dept. W5

I'm interested. Please send me more information about Hartford Business Interruption Insurance.

Name

Firm

Address

City Zone State



SOUND-LEVEL METER 4:26 P. M. THURSDAY



SOUND-LEVEL METER 9:47 A. M. FRIDAY

How to tame office noise overnight

SOUND CONDITION with beautiful new Armstrong Ceilings. They can be installed during non-working hours with minimum interference of office routine.

LOOK at the meters in the pictures above. See how the needle at the right has dropped. It shows how an Armstrong acoustical ceiling reduces disturbing office noise. And best of all, Armstrong Ceilings can be installed overnight!

Armstrong Ceilings absorb up to 85 per cent of the noise that strikes them. They provide a more efficient and pleasant atmosphere in which to work.

In addition to sound conditioning, the ceilings offer many other advantages.

Armstrong Ceilings are factory pre-finished so they can be installed without painting. Compliance with building codes is never a problem, and many of the materials will add new fire safety to your offices. Armstrong Ceilings are available in a wide range of designs and prices to suit your individual needs.

Call your Armstrong Acoustical Contractor today. He's a specialist in making fast installations with little or no interference with office routine.

He'll give you a detailed job analysis and estimate without obligation.

For your free copy of "Quiet at Work," write Armstrong Cork Company, 4203 Indian Road, Lancaster, Pennsylvania.

Armstrong

ACOUSTICAL CEILINGS

Cushiontone® • Travertone® • Crestone®
Minatone® • Arrestone® • Corkoustic®

*TRADE-MARK



Rimrock Tidelands Rig No. 3 off Louisiana Coast.

OIL RIGS GO TO SEA TO SOLVE NATIONAL PROBLEM

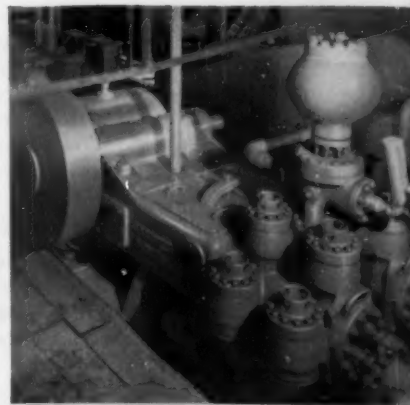
National attention now focuses on our oil supply—and how to increase it. Tapping the vast oil reserves under water off the Gulf Coast is a promising solution. But sending oil drilling rigs out to sea poses some new problems.

To be seaworthy and practical, drilling equipment must be packaged to take up the least possible space. All rig elements must be thoroughly dependable—able to operate continuously with minimum attention. Controls must be streamlined.

One such successful packaged rig—diesel-electric operated—was recently put in operation by Rimrock Tidelands. At the heart of it are Gardner-Denver power mud pumps, used to force specially prepared drilling "mud" into the hole to lubricate the drilling bit and remove rock cuttings.

Time and again, you will find Gardner-Denver equipment taking an important part in history-making operations such as this one.

Gardner-Denver Company, Quincy, Ill.

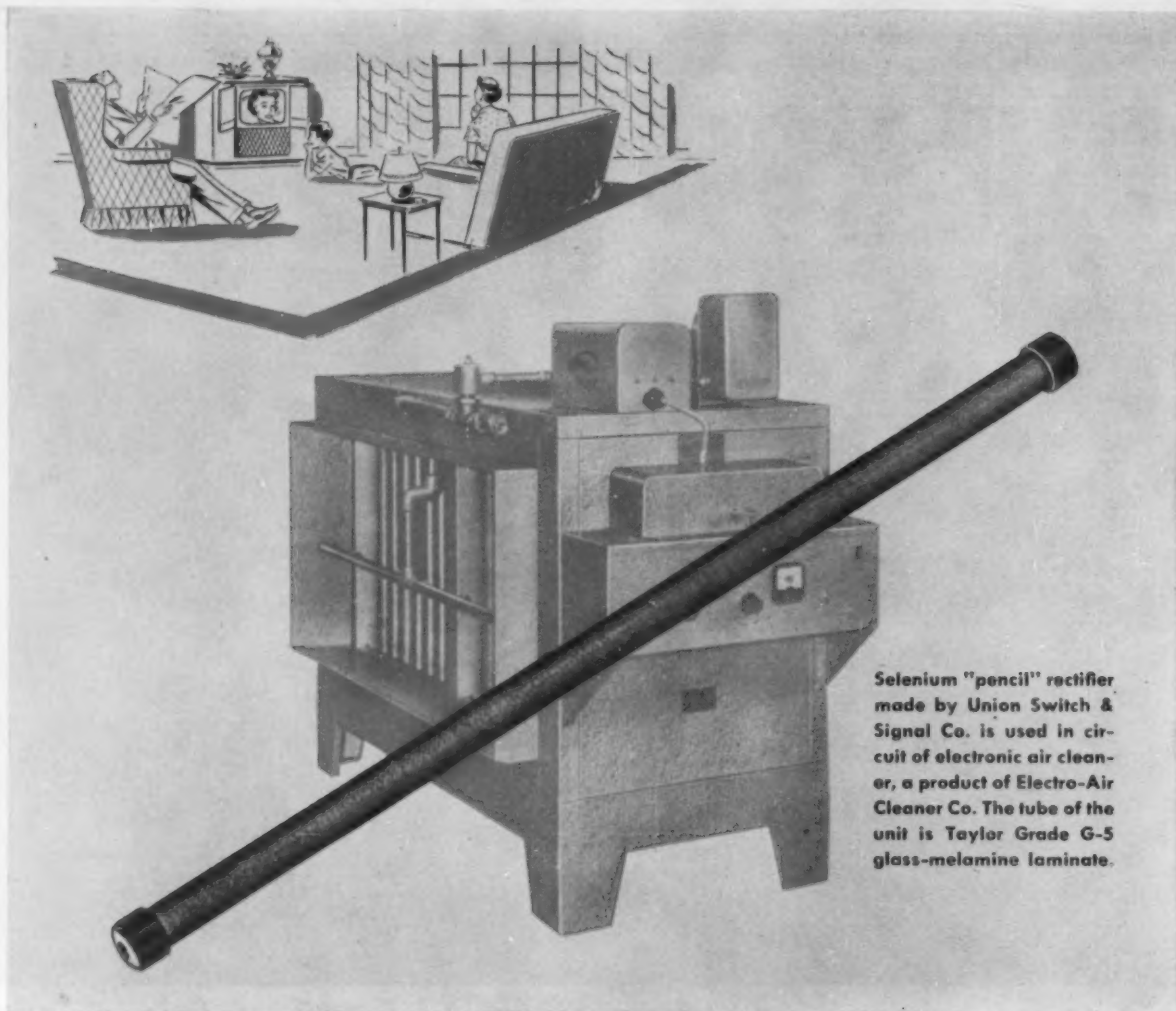


Gardner-Denver GX mud pumps used on Rimrock Tidelands No. 3 Rig.



ENGINEERING FORESIGHT PROVED ON THE JOB
IN GENERAL INDUSTRY, CONSTRUCTION, PETROLEUM AND MINING

GARDNER - DENVER



Selenium "pencil" rectifier made by Union Switch & Signal Co. is used in circuit of electronic air cleaner, a product of Electro-Air Cleaner Co. The tube of the unit is Taylor Grade G-5 glass-melamine laminate.

Here's how the laminate in this air cleaner could help you build a better product . . .

Multiple problems were presented in the selection of a material for the outer tube of the selenium "pencil" rectifiers of this electronic air cleaner. Good arc-resistance, low moisture absorption and high strength were essential. Taylor Grade G-5 laminated plastic—a woven glass fabric bonded with a melamine resin—filled these requirements.

This laminate or any of the dozens of other laminates in the complete Taylor line of insulation materials could be the answer to your company's specific material problem . . . could

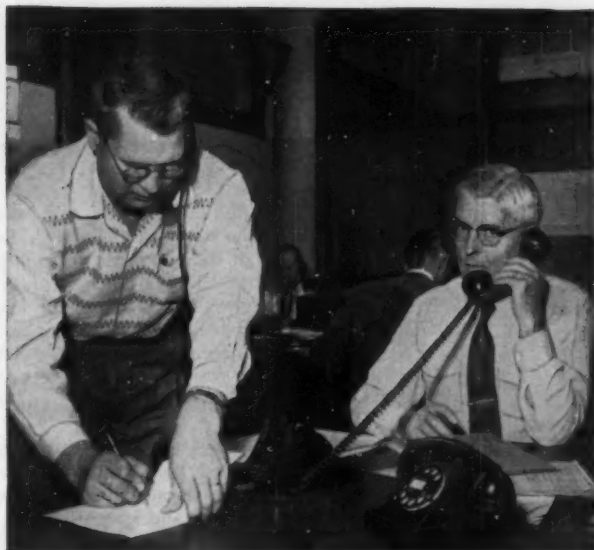
improve your product's performance. Taylor laminates include the material with the right combination of electrical, physical and machining properties for your applications . . . filling not only your everyday material needs but also your more difficult specification requirements.

Taylor offers your company the services of its application engineers to help choose and use the Taylor material that meets your particular specifications. Write or call your nearest Taylor sales office.

TAYLOR FIBRE CO., PLANTS IN NORRISTOWN, PA. AND LA VERNE, CALIFORNIA

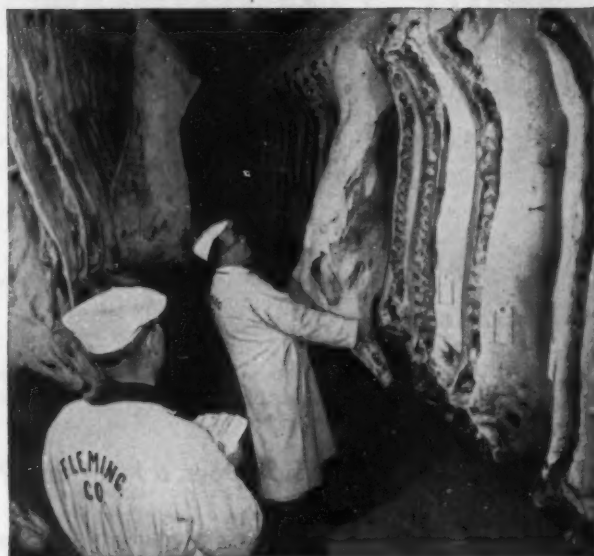
INTEGRATED MANUFACTURER & FABRICATOR OF
Phenolic—Melamine—Silicone—Epoxy—Combination and
Copper-Clad Laminates • Vulcanized Fibre

TAYLOR
Laminated Plastics
Vulcanized Fibre



Sales gain 25% in one year

—as a result of telephone idea



Last year The Fleming Company, wholesale grocers of Topeka, Kansas, invited out-of-town retail grocers throughout the company's trade area to telephone their orders for perishable merchandise *collect*. Today sales are up 25% over the same four-month period last year.

The *call-collect* idea proved a natural for The Fleming Company's perishables departments. Order taking is now on a planned schedule (each customer is asked to call regularly at an assigned time). Food is shipped more promptly. And The Fleming Company builds customer good will.

. . . .

The telephone can work for you as it does for The Fleming Company. A telephone representative will be glad to suggest specific ideas for your business. Just call your Bell Telephone Company business office.



LONG DISTANCE RATES ARE LOW

Daytime Station-to-Station Calls

For example:	First 3 Minutes	Each Added Minute
Detroit to Cincinnati	85¢	25¢
St. Louis to Topeka	\$1.00	25¢
Los Angeles to Phoenix, Ariz.	\$1.10	30¢
New Orleans to Dallas	\$1.25	35¢
New York to Milwaukee	\$1.50	40¢

Add 10% Federal Excise Tax

BELL TELEPHONE SYSTEM

Call by Number. It's Twice as Fast.



OSBORN BRUSHING METHODS

worthy of your confidence



Fast cleanup...

inside and out with Osborn Power Brushing



Dual cleaning job at a fraction of the cost using Osborn Power Brushes.

THE problem—to clean varnish from both the inside and outside surfaces of electric motor stators. Formerly, two cleaning operations were necessary. Results were inconsistent... the operations costly and time consuming.

With Osborn Power Brushes, the entire cleaning job is now done at the push of a button—and for a fraction of the previous cost. The operator merely places the stator on guide rolls. Brushes are automatically moved across the external and internal surfaces of the lamination stack. The varnish is quickly and thoroughly removed.

An Osborn Brushing Analyst is ready to survey your plant for similar results. There is no obligation. Write *The Osborn Manufacturing Company, Dept. A-95, Cleveland 14, Ohio.*

Write TODAY for
the new
100-page Osborn
Catalog 210-C

Osborn Brushes

BRUSHING METHODS • POWER, PAINT AND MAINTENANCE BRUSHES
BRUSHING MACHINES • FOUNDRY MOLDING MACHINES

visers to the President (Truman). . . .

RICHARD F. BLOUGH
JOHNSTOWN, PA.

Non-Toxic Nematocide

Dear Sir:

I congratulate you on your timely and thoughtfully written discussion of developments in nematocides [BW—Feb. 16 '57, p62], and in bringing to the attention of your readers the significance of the agricultural depredations of these soil pests. We at Stauffer appreciate, too, your mentioning our product, Vapam. . . .

However, I should like to question one of your comments by which you suggest Vapam may be "toxic to plant and animal life."

Vapam is a herbicide—and, as such, is sold to kill weeds; however, it is relatively non-toxic to warm blooded animals. . . .

I feel, therefore, that you would like to point out the specific limitation of your term "toxic"—it applies, in this case of our nematocide, only to nematodes and plants—not to animals.

DAN J. KEATING

VICE-PRESIDENT &
GENERAL MANAGER,
AGRICULTURAL CHEMICALS DIVISION
STAUFFER CHEMICAL CO.
NEW YORK, N. Y.

• We used the word "toxic" to mean poisonous, which does not mean killing.

What Does a Man Earn?

Dear Sir:

I enjoyed reading "Housing Squeeze on Workers" [BW—Feb. 23 '57, p75]. This is a unique problem which is nationwide.

I take exception to the caption under the lower picture on p.78. You state, "That was too much for Stadelman, who earns \$5,184 a year." I do not think that anyone on the staff of BUSINESS WEEK is able to say he "earns" \$5,184 per year. That he gets this amount no doubt is a fact, but whether he "earns" it, or more or less, is a matter of opinion and one to which only a few people can give an intelligent answer.

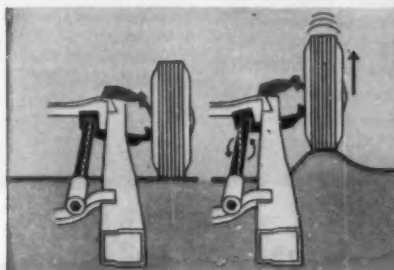
CHARLES DIEHL
WHITE PLAINS, N. Y.

• According to Webster, you earn when you "acquire by labor, service, or performance." Apparently Jones & Laughlin, Stadelman's employer, equate his efforts to \$5,184 a year.

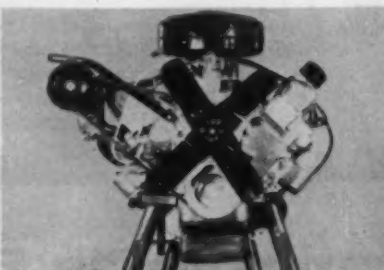


PLYMOUTH...today's best fleet buy!

Here are a few reasons why...and why Plymouth is far above the "other 2" in resale value at used car auctions.*



Torsion-Aire ride! Up front two torsion bars smother bumps before they reach the car frame, diverting jars to new Oriflow shock absorbers for smoothest ride at any price.



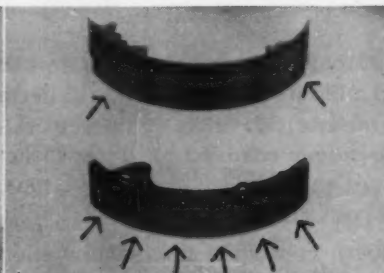
Greater horsepower! Most powerful standard V-8 in the "low-price 3." Four great engines to choose from: Fury V-800; Fury 301 V-8; Hy-Fire 277 V-8; and economical PowerFlow 6.



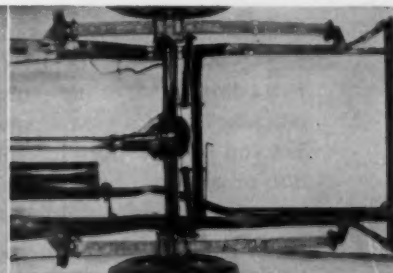
Push-Button Driving! Gives more precise speed control in traffic, tremendous pickup for safer passing. New Torque-Flite 3-speed transmission; and Push Button PowerFlite available.



Smoothest handling! Less fatigue for driver. Torsion-Aire Suspension eliminates sway and roll, makes cornering easy and level at any speed. No nose-dive when you jam on brakes!



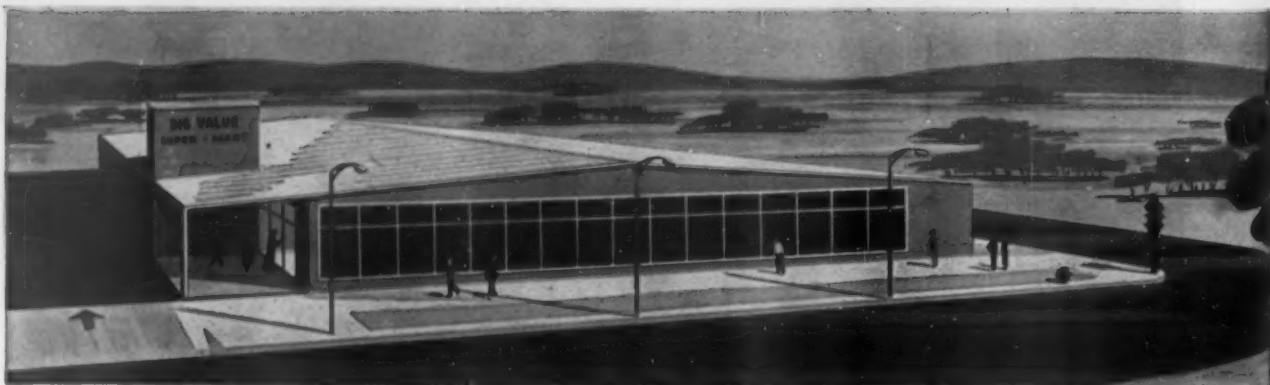
Total-Contact Brakes! Fastest, safest, smoothest stop of any car. New Total-Contact Center-Plane Brakes grip over entire surface, not just at ends. Linings last 25% longer.



High-performance rear axle assembly! Heavy-duty drive shaft, universal joints and rear axle assembly transmit power to the drive wheels. Oversize construction for long life.

*At used car auctions across U. S. A. Plymouth averages more than \$200 over Car "C"; and \$150 more than Car "F". Plymouth's 3-years-ahead styling will mean more money in your pocket at trade-in time!

If your fleet is *Plymouth* you're 3 years ahead



LOW . . . WIDE . . .



New Butler Low-Profile Building System clear-span interiors to super markets,

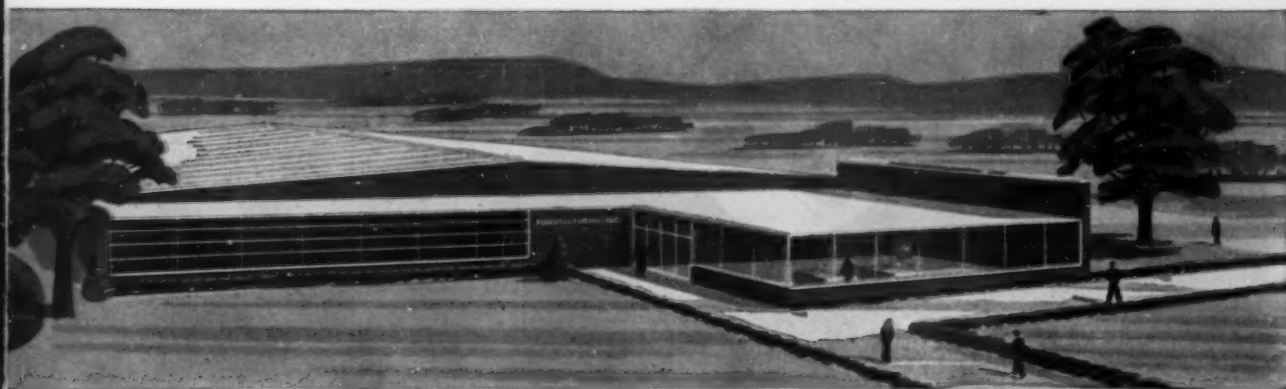
Now, you can get modern, flat-roof appearance in a commercial or industrial building with the efficiency only a clear-span interior can offer. Yet you pay no more for this unique combination of advantages than for ordinary construction with its forest of interior posts and trusses.

An exciting "first" in modern construction methods makes it possible. It's a new, low-profile building system developed by Butler, world's largest manufacturer of pre-engineered buildings. This building system uses a specially designed steel framework so strong it can bridge floor areas up to 100 feet wide without using a single post or roof truss. The interior is wide open—wall to wall. There's nothing to

limit layout planning, partitioning, illumination or decoration. Outside, the roof line of this framework is so low that the building it produces looks almost flat roofed—as modern as today's newest architecture.

With traditional construction methods, this combination of a low roof profile and a clear-span interior is virtually unattainable at any reasonable price. Yet, because of the construction economies inherent in the Butler Building System, you get both at no extra cost.

For details of this new low-profile building system, contact your nearby Butler Builder. He's listed in the Yellow Pages of your phone book under "Buildings" or "Steel Buildings." Or write us.



AND HANDSOME

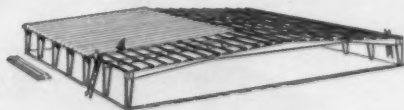


brings modern, sweeping look and
showrooms, factories and warehouses

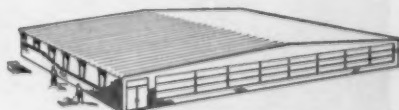
Here's why the Butler Building System is the
lowest cost way to build well



Steel framework is pre-engineered to fit together perfectly and speed construction. Frames are mass-produced for lower cost. Selection of widths and lengths.



Fire-safe metal roof panels are bolted on as soon as framework is up, putting building under roof in days. Interior finishing can start earlier and proceed faster under cover.



With "core" of building in place, walls, partitions, windows, architectural treatment and insulation cost less since non-load bearing construction can be used.



BUTLER MANUFACTURING COMPANY

7313 East 13th Street, Kansas City 26, Missouri

Manufacturers of Buildings • Oil Equipment • Farm Equipment • Dry Cleaners Equipment • Outdoor Advertising Equipment • Custom Fabrication
Sales Offices in Los Angeles and Richmond, Calif. • Houston, Tex. • Birmingham, Ala. • Atlanta, Ga. • Minneapolis, Minn. • Chicago, Ill. • Detroit, Mich. • Cleveland, Ohio
Syracuse and New York City, N. Y. • Washington, D. C. • Burlington, Ont., Canada



WHY INDUSTRY IS



MOVING TO CHESSIE'S RAILWAY

The lady who didn't talk

Once, in the course of the intricate negotiations which are always involved in locating a major industry, we found it necessary to take some responsible local citizen into our confidence. The person who could help us most was the editor of the paper.

At first our client was highly skeptical. He just didn't think any editor could be trusted with an interesting secret. And to make matters worse, this editor was a woman!

But we had complete faith in the lady, and the client accepted our judgment. For two years, while all the details were worked out and site options obtained, this was the best-

kept secret in town. And at the end of the two years the lady editor was rewarded with one of the biggest scoops of her career.

The people of C&O's Industrial Development Department know their territory. They know its history, its geography, its economics and its people. They know who to trust and when to be cautious. They can count on cooperation that no stranger could ever get.

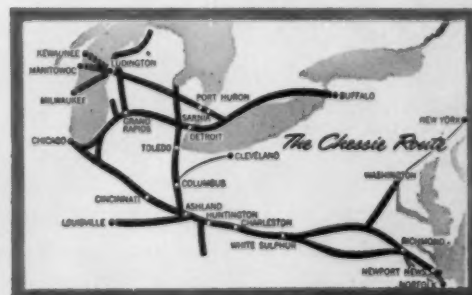
If you are looking for a site, let this Department help you. You will get every possible assistance, and your inquiry will be handled in complete confidence.



Write for new booklet describing industrial resources and opportunities in C&O territory. Address: Wayne C. Fletcher, Director of Industrial Development, 3204 Terminal Tower, Cleveland 1, Ohio.

Chesapeake and Ohio Railway

SERVING: VIRGINIA • WEST VIRGINIA • KENTUCKY
OHIO • INDIANA • MICHIGAN • SOUTHERN ONTARIO





What If All Stopped

Don't Worry. They Won't.

But if they did, America's transportation would come to a grinding halt. Hundreds of passenger and freight trains would stop. Tractors on thousands of farms would become suddenly powerless. America's highways would be clogged with stalled trucks and buses. And on the world's waterways thousands of our vessels would drift helplessly.

We've lost the exact count, but hundreds of thousands of vehicles depend on crankshafts by

Ohio Crankshaft—the world's
largest independent producer
of crankshafts and camshafts
for heavy-duty engines.

Crankshafts by OHIO Turning At Once?

A Million Miles With One Crankshaft

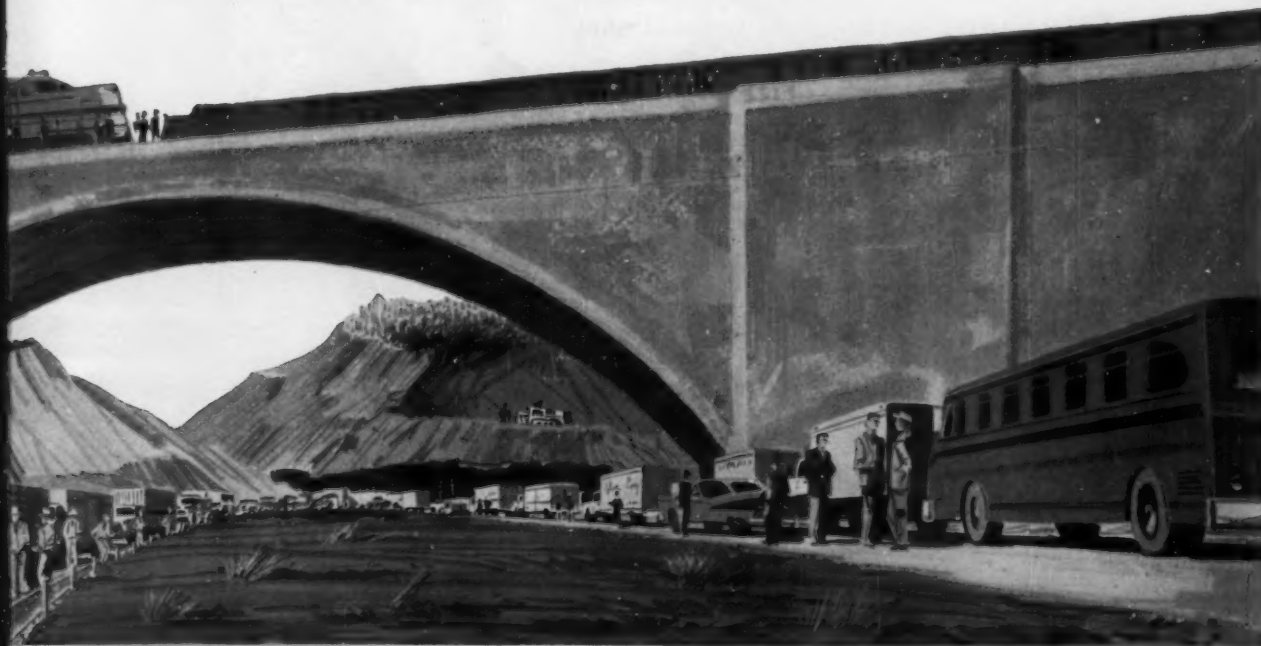
Into crankshafts by Ohio go over 35 years of experience in precision manufacturing, plus millions of dollars worth of the most modern production equipment. But in addition to precision equipment and years of know-how, most crankshafts by Ohio have the important added advantage of our TOCCO* process of induction heating which produces super-hard bearing surfaces without affecting the tough, ductile core of the crankshaft. We have many cases of almost unbelievable service records—more than a million miles with less than 1/1000 inch bearing wear on a Diesel locomotive, for instance.

TOCCO Induction Heating Can Help Your Product, Too

The TOCCO* process was developed for the specific purpose of surface hardening our crankshaft bearings. During the last 15 years, however, this process has grown into a major Division of our company. Thousands of TOCCO Induction Heating Units are used today in all branches of the metal-working industry for surface hardening,

brazing, annealing and heating for forging all kinds of metal parts.

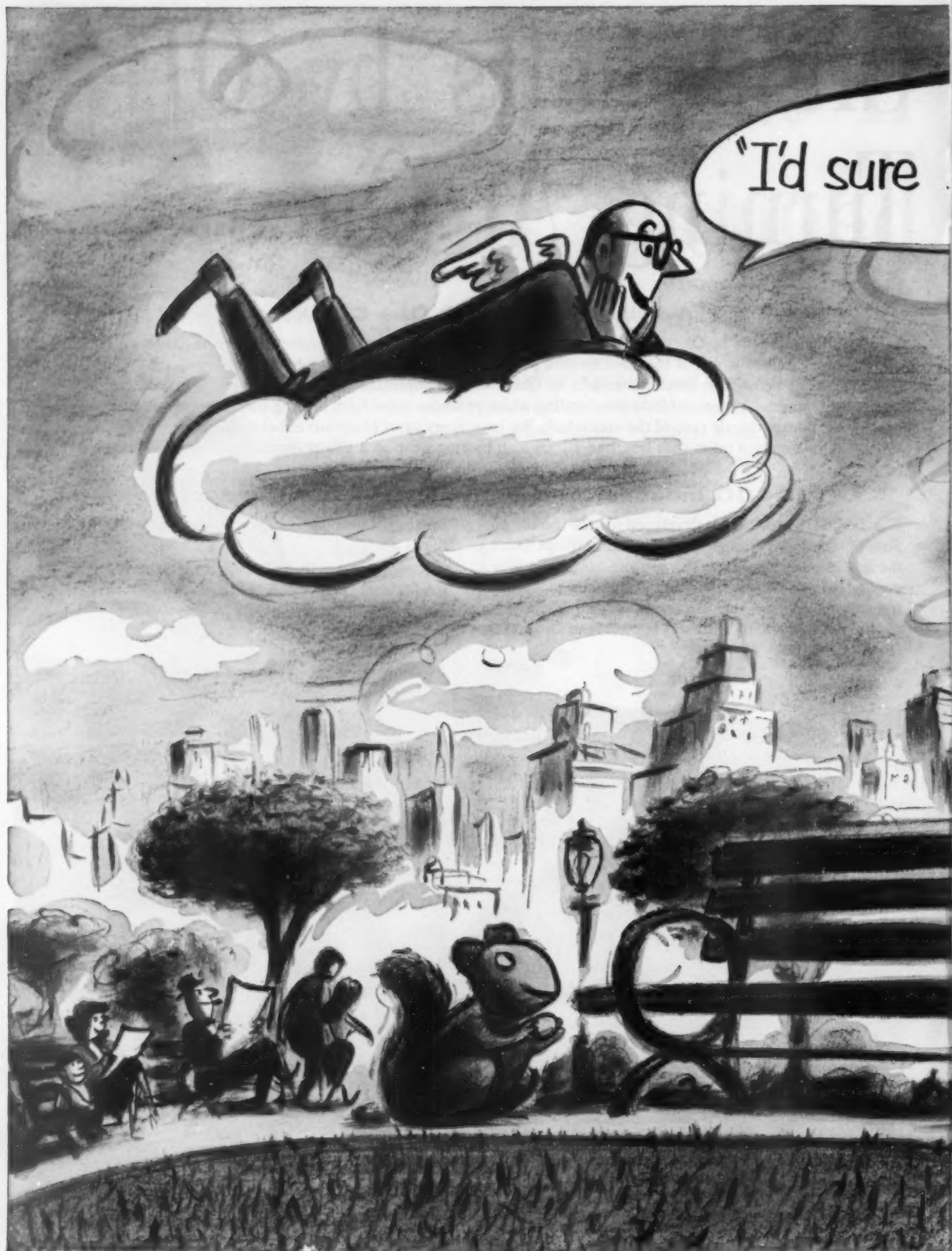
Almost always the use of TOCCO, instead of conventional heat treating methods, means better products, faster and at lower cost.



*Trademark Registered U.S. Patent Office

The Ohio Crankshaft Company

3800 Harvard Avenue • Cleveland 5, Ohio



rather be here than in your shoes, Ted!"



Ted: Now you tell me.

Joe: The tax man is giving you a bad time, huh?

Ted: It's no skin off my nose, Joe. But it looks pretty bad.

Joe: You're my executor, Ted. Execute!

Ted: It's not that easy. You didn't leave much in the way of liquid assets, you know.

Joe: Get a loan from the bank, man!

Ted: Things have changed. It's hard to get hold of that much money these days.

Joe: But I left a thriving business.

Ted: Inheritance taxes will change that. I'll have to sell the stock for whatever I can get. Your family may lose control . . . you should have listened to your attorney and your banker.

Joe: I know, I know. And I should have talked to the Man from Equitable.

Ted: I don't want to rub it in. But the firm could have had every cent it needed to pay the taxes and keep going.

Joe: Yeah. Yeah. Yeah.

Ted: Business insurance, Joe.

Joe: I heard you, Ted.



Living Insurance for Business by Equitable

FREE BOOKLET

Equitable Life Assurance Society of the U.S.
393 Seventh Avenue, New York 1, New York—Room 1807
Please send me Equitable's new booklet which explains how Living
Insurance can help solve many common business and tax problems.

NAME

FIRM

ADDRESS

CITY

STATE

ZIP

An answer for every electric utility

A PLANNED OUTAGE IS NO OUTAGE

Five hundred kw is not a large unit of power by utility standards. Not, that is, unless it is badly needed . . . and not available.

That's why more and more utilities are finding an increasing number of uses for the Electro-Mobile 500 kw highway-trailer generating unit. It can go anywhere, pick up a load in minutes, permit construction or maintenance crews to work without interrupting service to customers.

In addition, Electro-Mobile Power offers an immediate source of emergency power to areas that might otherwise be without service for a long period of time. Used in multiple, there is no limit to the

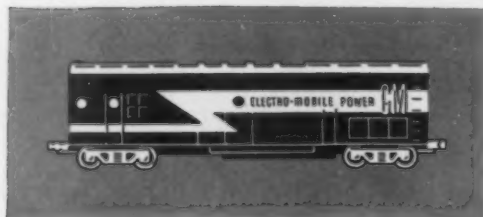
amount of power these units can supply.

The savings from Electro-Mobile Power are many. Rebuilding or maintenance work of any duration can be handled during regular working hours. Work goes faster, in greater safety, and most important—customer relations and income are maintained during the temporary outage.

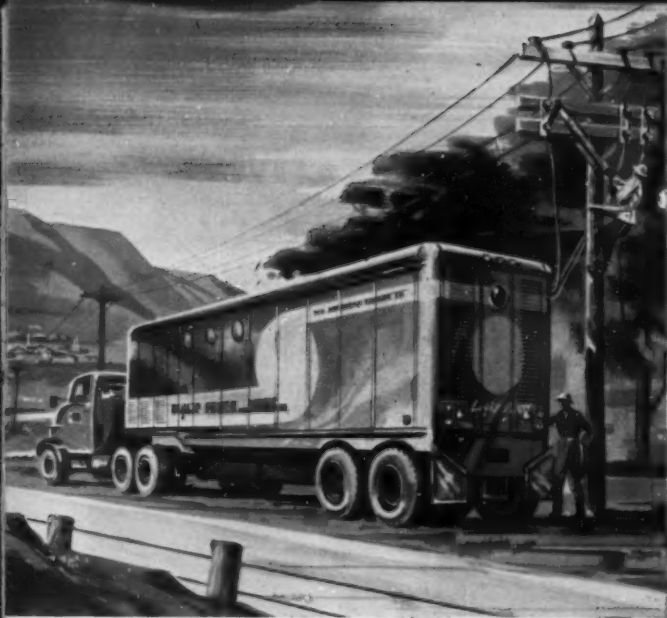
A planned outage is no outage with Electro-Mobile Power. Its many advantages are helping to reduce costs and improve service for many utilities. It can do the same for your system. Your Electro-Motive representative will be glad to show you how.

*Here's how one Midwestern utility company
uses its Electro-Mobile trailer . . .*

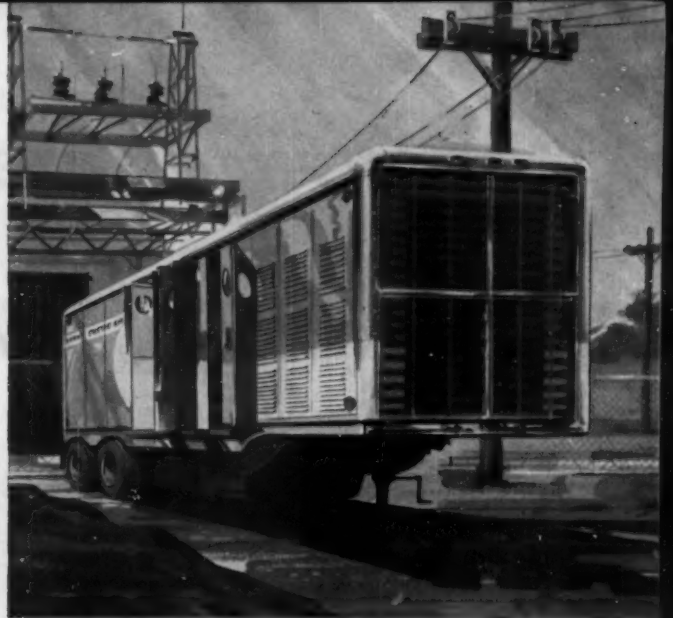
In a span of twelve months, this utility used its Electro-Mobile trailer on fifteen different jobs. Shown here are some examples of the work completed and in progress with this unit. During the year the mobile trailer was operated over 340 hours. On one job alone, it was used 145 hours, delivering 58,500 KWH.



Rail Car—develops 1,000 kw. For use on rail sidings or placed on piers for semi-permanent installation.



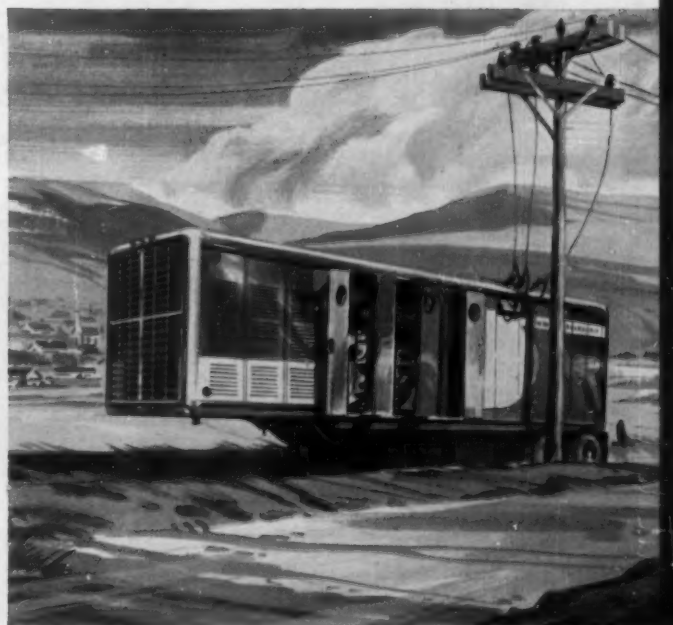
Relocating 12,400-volt line for new highway.
Hours used: 68 1/4 KWH generated: 22,700



Installation of new transformer for substation.
Hours used: 3 1/2 KWH generated: 1,100



Feeding 12,400-volt sub-transmission line while
stringing new conductors on transmission line.
Hours used: 145 KWH generated: 58,500



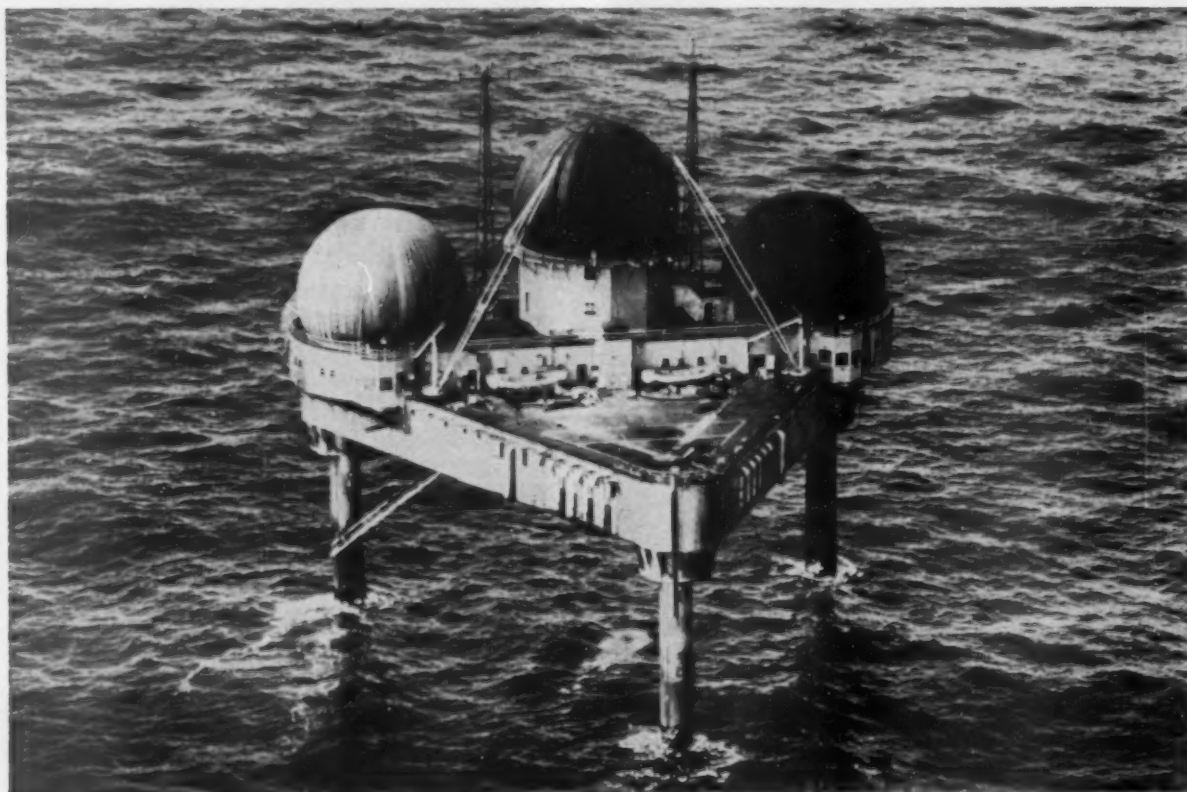
Handling daily peaks while existing transmission
line and substation are being rebuilt.
Hours used: daily average 4

ELECTRO-MOTIVE DIVISION
GENERAL MOTORS LA GRANGE, ILLINOIS
Sales Offices in Chicago, New York, St. Louis, San Francisco



PICTURE REPORTS FROM **AMERICAN-Standard**

ALWAYS SEEKING WAYS TO SERVE YOU BETTER



THIS PICTURE COURTESY RAYMOND-DELONG

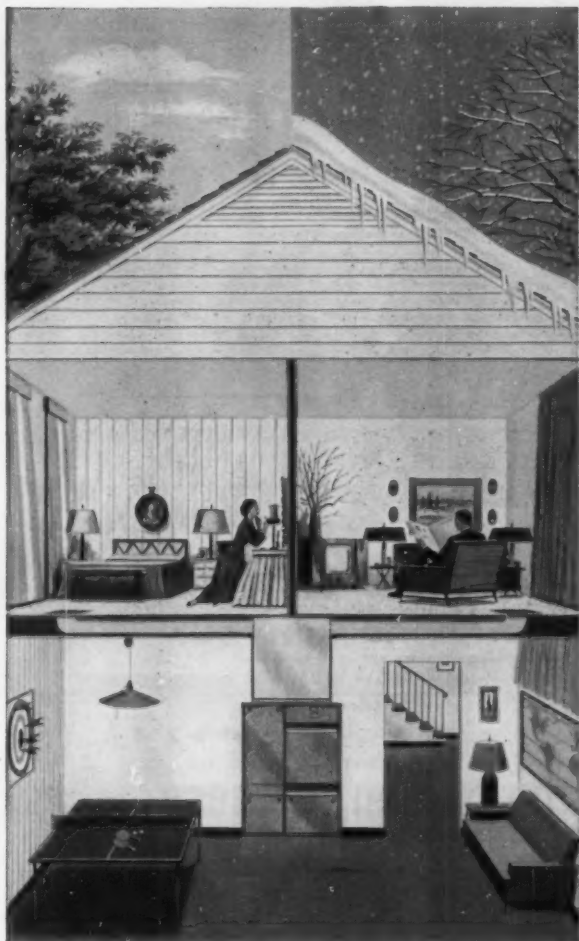
Radar station protects America. This giant tower stands guard 110 miles out at sea to spot approaching planes. Power is supplied by two huge diesel-driven generators. Ross heat exchangers maintain safe lube oil temperatures on these units, help keep this vital sentinel on its round-the-clock vigil. Product of Ross Heat Exchanger Division of American-Standard... "Always seeking ways to serve you better."

Fluid drive helps light our capital. As night falls in Washington, a brilliant surge of light floods the city. The electrical output is tremendous. Gyrol® Fluid Drives help power plants absorb the load quickly, safely and efficiently. Product of American Blower Division of American-Standard... "Always seeking ways to serve you better."





As jet zooms from desert heat to 64° below in stratosphere, engine lube oil must stay at set temperature. A tiny thermostat controls flow of oil through a regulator, keeps it at proper heat. Product of Detroit Controls Division of American-Standard...
"Always seeking ways to serve you better."



Your house can be cooled and warmed by a single air conditioner. One unit cools and dehumidifies your house in summer, keeps it warm all winter. Wonderfully compact, easy to install. Product of Air Conditioning Division of American-Standard...*"Always seeking ways to serve you better."*



Built-in dressing table for your bathroom. New Guestledge lavatory combines lavatory and dressing table in one compact unit, gives you luxury of a dressing table in small area. A Standard* product of Plumbing & Heating Division of American-Standard...*"Always seeking ways to serve you better."*



Brand-new idea for your kitchen. Now there are wall cabinets with natural hardwood doors: rich, warm-looking. Base cabinets are all steel in the new sandalwood color. Product of Youngstown Kitchens Division of American-Standard...*"Always seeking ways to serve you better."*

AMERICAN-Standard

ALWAYS SEEKING WAYS TO SERVE YOU BETTER

In the United States: AIR CONDITIONING DIVISION • AMERICAN BLOWER DIVISION • AMSTAN SUPPLY DIVISION • ATOMIC ENERGY DIVISION • C. F. CHURCH DIVISION
 DETROIT CONTROLS DIVISION • KEWAUKEE BOILER DIVISION • PLUMBING & HEATING DIVISION • ROSS HEAT EXCHANGER DIVISION • TONAWANDA IRON DIVISION
 YOUNGSTOWN KITCHENS DIVISION • In Canada: AMERICAN-STANDARD PRODUCTS (CANADA) LIMITED • In Europe: IDEAL STANDARD

Standard and "American-Standard" are trademarks of American Radiator & Standard Sanitary Corporation.



How permanent is "temporary"?

YOU STILL PAY THESE "TEMPORARY" TAXES ON TRANSPORTATION

10% tax on passenger fares...



3% tax on freight charges...



You should have relief from the burden of these
World War II taxes—now!

During World War II the Federal Government imposed special excise taxes on the passenger fares and freight charges you paid to railroads and other common carrier transportation. One reason for these special taxes was to discourage the use of these transportation facilities in wartime.

World War II is long since over but these taxes go on — and on. You are *still* paying them. On nearly all intercity tickets, they add an extra 10 per cent to the fare you pay. And as goods move through the processes of production and distribution, they add 3 per cent to the freight charges at every stage of the movement.

These burdensome and discriminatory taxes are still discouraging the use of our public transportation systems. And by so doing, these taxes are weakening our public carriers — essential to peacetime commerce and vital to national defense.

ASSOCIATION OF
AMERICAN RAILROADS
WASHINGTON, D. C.



THERE'S MORE
THAN **ONE** WAY
TO SKIN A
GIZZARD!



Power Gizzard Skinner Means Better Production for packers! Driven by a Master $\frac{1}{4}$ H.P. Double Parallel Gearmotor, output speed 230 R.P.M.

ANOTHER DRIVE REQUIREMENT MEETS ITS MASTER

"But my drive problems are different," you say, and right you undoubtedly are. Far as we know, this Master-powered Gizzard Skinner is unique.

But here's the point. America's productive genius consists of the ability to analyze a problem, devise a system and apply power to it in such a way as to produce better results faster at less cost. And *that problem* we bet you've got!

Let us help! Tell us the problem. From the drives listed here—or a combination of the required ones in one compact efficient unit—we'll deliver the goods! That's just what we've done for many, many years, to an ever-enlarging cross-section of American industry jealous of the performance of their motor equipment.

Motor Ratings... $\frac{1}{8}$ to 400 H.P. All phases, voltages and frequencies.

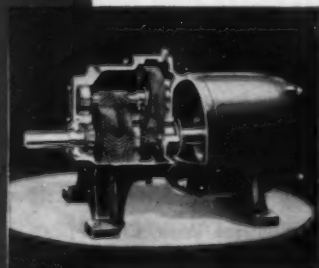
Motor Types.....Squirrel cage, slip ring, synchronous, repulsion-start induction, capacitor, direct current.

Construction.....Open, enclosed, splash-proof, fan-cooled, explosion-proof, special purpose.

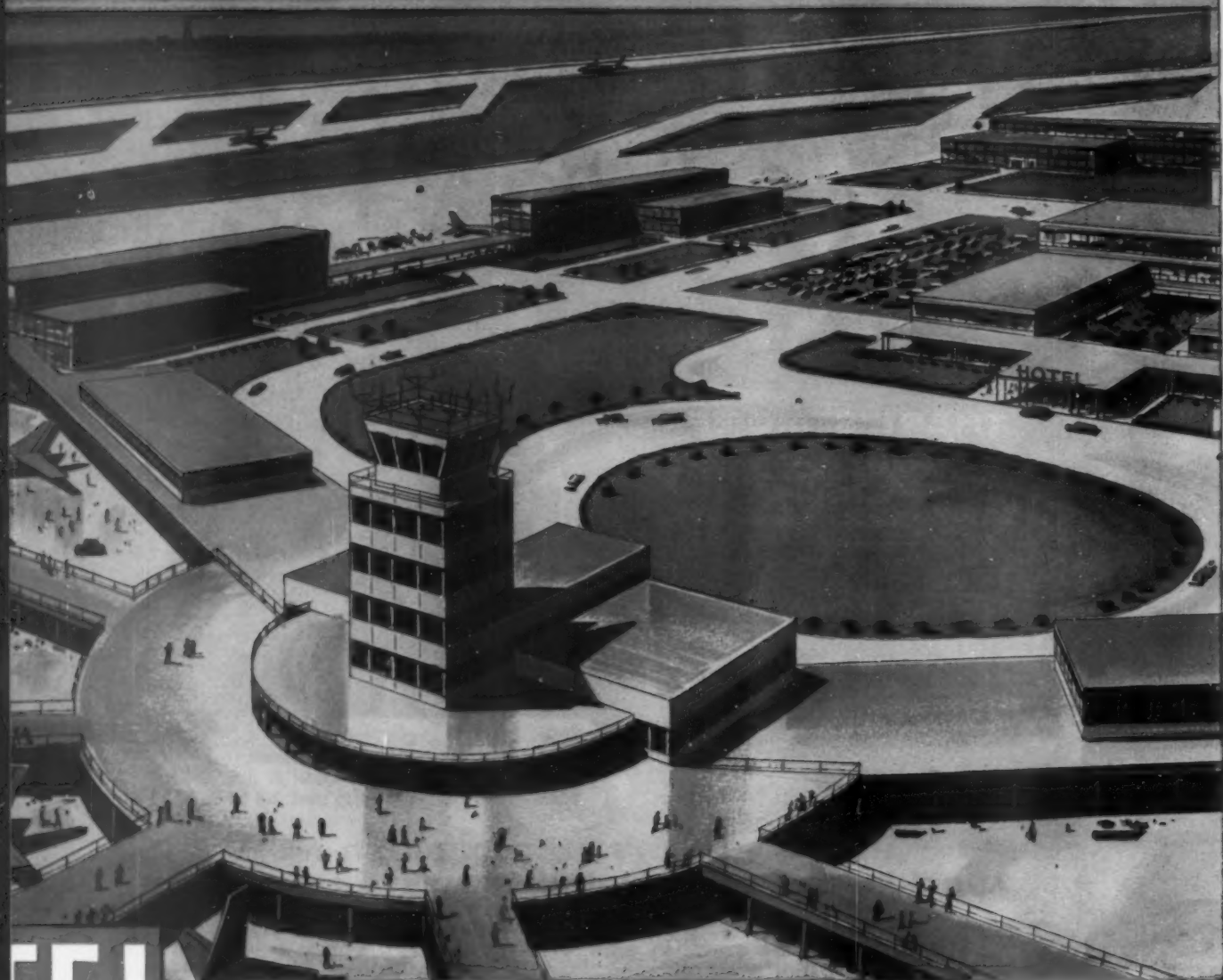
Speeds.....Single-speed, multi-speed, and variable speed.

Installation.....Horizontal and vertical, with or without flanges and other features.

Power Drive Features.....Electric brakes (2 types) — 5 types of gear reduction up to 432 to 1 ratio. Mechanical and electronic variable speed units—fluid drives—every type of mounting.



THE **MASTER ELECTRIC COMPANY**
Dayton 1, Ohio



CF&I STEEL PRODUCTS...and

A few short years ago, visionaries were saying that "someday" airports would include hotels . . . and really efficient facilities for handling planes, passengers and the ground-bound vehicles which must serve both.

Yet "today" is now a reality in many American cities—thanks to skilled architects, designers, contractors and builders who combine ingenuity with practicality in designing airports, as well as schools, hospitals and many other types of buildings. It is this practicality that leads so many of them to specify CF&I Steel Products.

As each plane lands ^①, for instance, it's usually just a few inches away from a very important CF&I Product. For **Clinton Welded Wire Road Fabric** is used in the runway so that it can withstand the terrific shock of

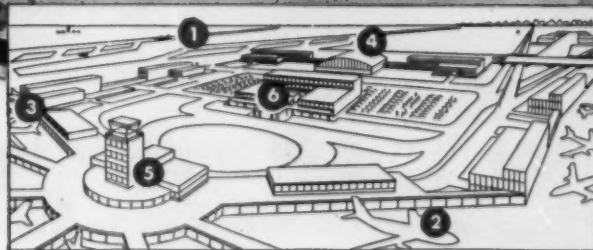
landing planes as well as the abuse of weather and time. What's more, CF&I Products helped build the runway. There were **CF&I Cutting Edges** on the giant bulldozers that carved out the runway site . . . **Wickwire Rope** on the draglines helped remove the surplus earth . . . and **CF&I Industrial Screens** were used to prepare the sand and gravel that went into the concrete.

In the plane itself ^②, **Wickwire Aircraft Control Cable** operates wing and tail surfaces of the plane—just as **Wickwire Springs** and **CF&I Industrial Wire Cloth** play important parts elsewhere in the plane.

After the passengers deplane to an area protected by **CF&I Realock Fence** ^③, the plane may be moved to a hanger ^④. There other CF&I Products come into play.



today's airport



Some of the mechanic's tools, for example, are made from special **CF&I Wickwire Wire** . . . and **Wickwire Wire Rope Slings** serve many purposes.

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playing an indispensable part here, too. It's dependable **Wickwire Elevator Cable**.

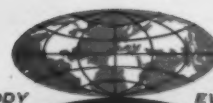
Even if you don't build airports . . . or operate them . . . you can still use many of the long line of CF&I Products to excellent advantage right in your own operations. Contact your nearby CF&I Representative for complete details.

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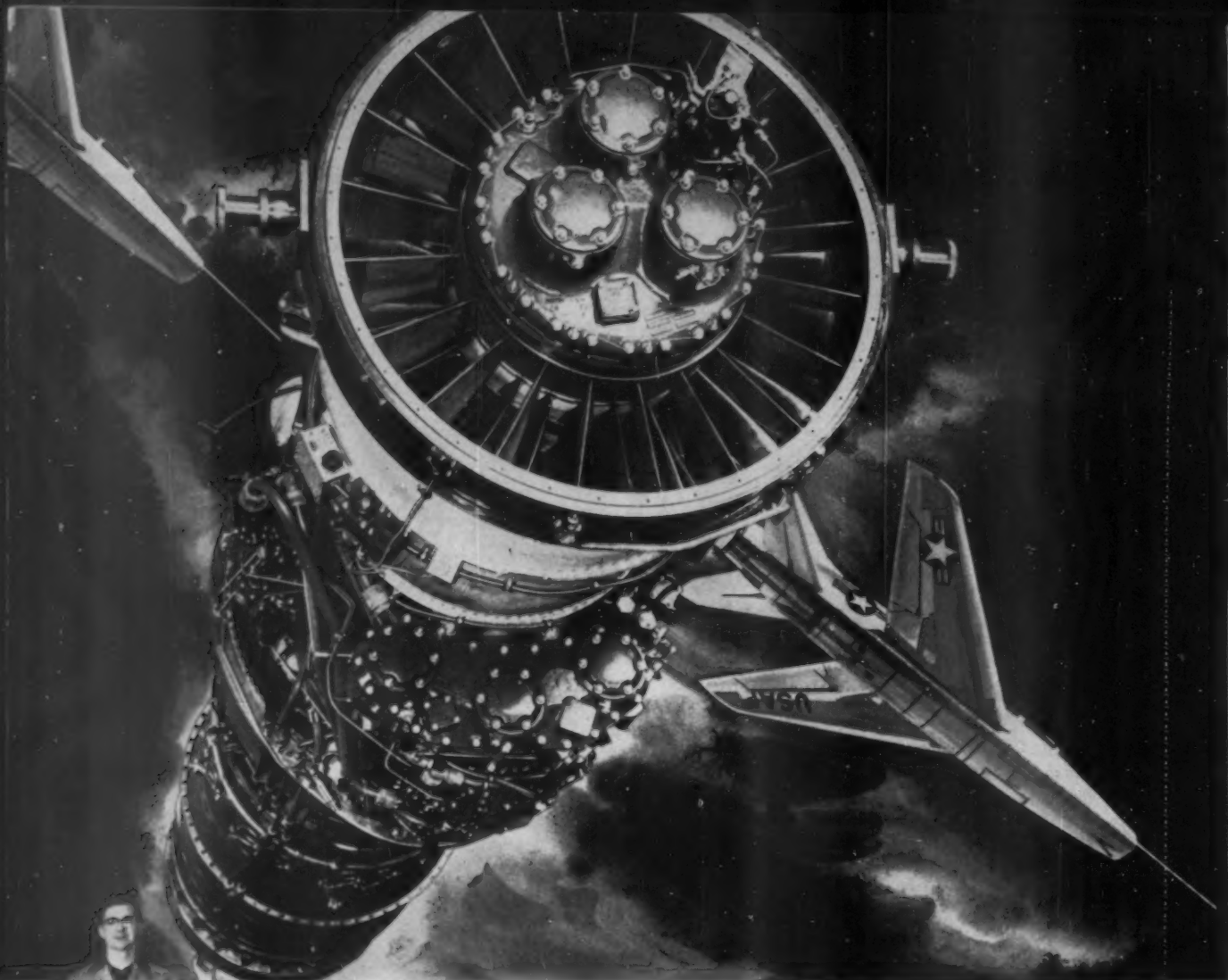


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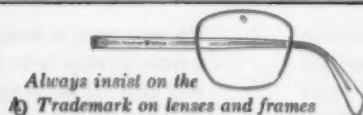
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BUSINESS OUTLOOK

BUSINESS WEEK

MAR. 16, 1957



You can find grounds for either optimism or pessimism right now. It all depends on where you look and how you analyze the news.

If you concentrate on **production**, the continuing downturn in such basic industries as steel and homebuilding is distressing.

But, on the **consumption** side, the signs are encouraging. (And, if consumption holds up, production can't lag for too long.)

—●—
Retailers can see plenty of hopeful indications with the spring buying season just getting under way:

- **Volume** of all stores' sales in February, as in January, held at record levels for this time of year. Gains over 1956 are running 6%.
- **Family spending plans** remain favorable for durable goods (though housing may suffer), the Federal Reserve's latest survey finds (page 43).
- **Personal income** is at a new high, the latest report shows.
- **Employment** figures for February are just as reassuring as those for January were disquieting (BW—Feb.23'57,p37).

—●—
Gains at retail are shared about equally between stores selling **softgoods** and those specializing in **durable** items.

And, over-all, the year-to-year improvement is double 1956's.

Slightly better automotive sales (new and used cars and parts) help this year's retail showing where they were damaging last year's. But it is interesting that this hasn't been at the expense of softgoods.

It must be remembered, too, that **higher prices pad the totals** for this year's retail sales.

Yet, all in all, the consumer's dollar outlay is fully as good a gauge of his spending mood as the number of units he buys.

—●—
Personal income figures for January, just completed, show a seasonally adjusted annual rate of \$335.2-billion. That's \$1.7-billion ahead of December and up nearly \$18-billion in a year.

The best gain is in receipts from interest and dividends.

This is interesting, for December dividend payments had presented a distinctly disturbing picture (BW—Jan.26'57,p19).

—●—
Employment in February increased by 600,000—whether you compare it with January or with February of last year.

Yet the comparisons would have been 250,000 to 300,000 better but for a change in the method of compiling the figures; those temporarily laid off or waiting to go to work on new jobs now are considered unemployed where, before, they were listed as employed.

This also boosted February unemployment to 3,121,000 (while, on the old basis, it would have been lower than January or a year ago).

More significant than the detailed employment-unemployment figures for February is the clearer trend that seems to be emerging.

The yearend drop in jobs (1.1-million from December to February) now

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

MAR. 16, 1957

is about in line with seasonal expectations. Judged off January's 1.7-million drop, things had looked as if they were going to pot.

January's count exaggerated: It caught too many idle due to bad weather (yet not looking for jobs, hence neither employed nor jobless).

Factory employment has fallen, more or less seasonally, and now stands a little below 17-million. Yet the deviation from last year's long flat line is slight in spite of layoffs here and there.

—●—

Installment credit figures show increasingly the claim that borrowings are making on monthly pay checks. January repayments reached the unprecedented height of \$3.4-billion.

Yet this strain doesn't seem to be frightening consumers.

They repaid more money than they borrowed in January, to be sure. That's customary for the time of year. But they also borrowed more than they ever had before in any January—\$3,150-million.

If you worry about the level of consumer debt and its lien on incomes yet unearned, you can get concerned despite the apparent health of the present situation.

You can argue that some of the borrowing is to meet old debts.

In other words, the steady rise in personal loans may in part represent simply the scramble to get up payments on the car and the TV.

—●—

Here comes the really bad news on housing: New homes started last month fell to an annual rate of just over 900,000.

February starts, according to preliminary figures, were no higher than January's 65,000. Usually there is an improvement, so the seasonally adjusted rate fell from 1,010,000 to 910,000. This is the first month since 1951 to go below the million rate.

Houses started last month won't be completed until May or June in many cases. Thus the value of work done, month by month, will continue to lag (even though individual houses may cost more).

Chances are that homebuilding in 1957's first half will be no more than \$5¼-billion against \$6¼-billion for the 1956 period.

Construction generally is managing to show enough gains to offset the short fall in housing.

Value of all work so far is about 3% higher than last year.

Yet that gain converts to a minus if you allow for the rise in building costs. And only the vigorous gain in public works enables us to show a gain at all; private work is barely even with last year.

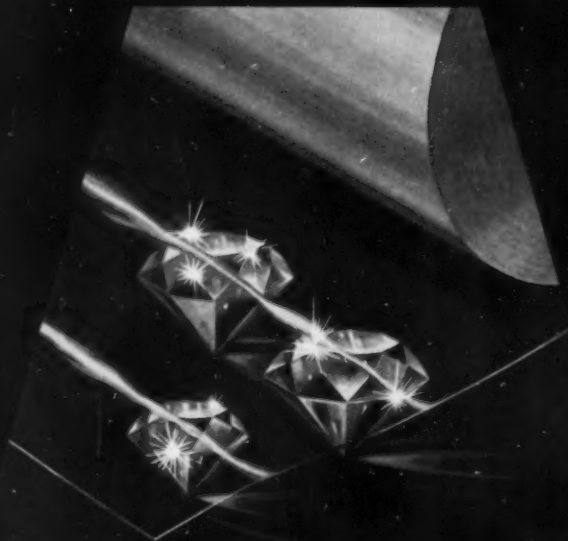
—●—

Steel output, though still high, has been declining relatively rapidly this month. Operations now are slightly under 93% of capacity against about 97% for January and February and 100% for December.

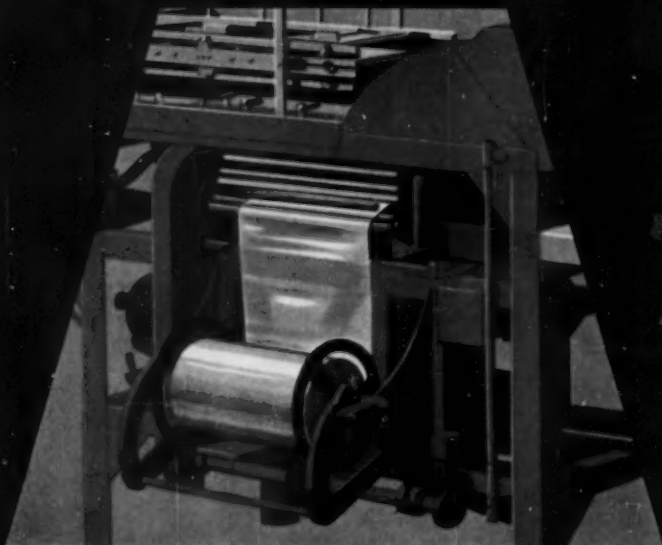
Uniformly reduced demand for sheet is held mainly responsible.



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Budget Still Resists Whittling

Everyone has been talking economy this week, but major budget cuts are still remote. Neither Congress nor the Administration will take the lead.

THE mail bags on Capitol Hill at right are testifying this week to loud interest in Pres. Eisenhower's \$71.8-billion spending budget for fiscal 1958—at least among the vocal minority of the public that writes to congressmen. Their message seems to be a demand for less welfare spending and—most important—a chance for some eventual tax relief.

There is also hubbub over the budget on the floors of Congress, in newspaper editorials, radio and TV commentaries, and in virtually every public appearance by an Administration official.

But despite all the noise, no substantial cuts seem likely.

Treasury Under Secy. W. Randolph Burgess exemplified a widespread mood in a New York speech this week which took the line that (1) the budget is "too big for the long-term best interests of the country," but (2) it is not "free-wheeling or liberal-handed," and it is (3) "a response to what the people demand."

f. Symptoms of Stress

There were these signs of restiveness this week:

- Budget Director Percival F. Brundage disclosed that the Administration has asked all agencies and departments to suggest possibilities for budget reductions. But he would give the House Appropriations Committee no assurance that these will be either forwarded to Congress or acted upon by the Administration.

- With Democrats ramrodding it, the House voted on partisan lines for a resolution, with no legal force, directing Pres. Eisenhower to advise Congress where budget cuts can be made. Knowledgeable sources say Eisenhower probably will send the House a polite reply, acknowledging receipt, and nothing more.

- A wave of protest mail continued to hit Congressional offices. A group of



Letter writers are asking Congress for relief on taxes.

prominent House Republicans, responding to the pressure, talked publicly about seeking a legislative ceiling of \$65-billion on appropriations. But, at the same time, many were conceding privately that it was impractical.

• **The Chamber of Commerce of the United States** called 500 of its members—"men with influence in their home communities and connections in Washington," a Chamber spokesman put it—to a two-day Washington rally aimed at stirring up opposition to the budget.

• **Eisenhower** warned against slashing foreign aid requests. But, in the nearest thing yet to a specific suggestion about economy steps, he told a news conference: "I do think we can vary the speed" of some programed spending. The President did not elaborate, but presumably he was talking about dams, irrigation projects, public buildings, and things of that sort.

• **Home Front**—These are the "back home" items that congressmen cherish, and a slowdown would put Congressional economizers to a real test. Eisenhower has the power to order a slowdown without Congressional assent if he wants to. He did it in 1953, and ex-Pres. Truman did the same to public works spending during the Korean War.

Even if the Administration doesn't put the brakes on public works, Congress faces a severe test in self-discipline in May. That is when the Civil Public Works Appropriations Bill—more commonly called the "pork barrel"—is due to come up. Eisenhower is suggesting spending \$2-billion for fiscal '58; if it really feels like economizing, Congress probably could postpone much of that—but history says it probably won't. Indeed, in the three prior Eisenhower budgets, Congress has added to his requests.

II. Eisenhower's Stand

At his news conference this week, Eisenhower spent most of the time fending off pointed questions about his budget. To a questioner who pointed out that it is without precedent for the executive branch to ask Congress to cut a budget, the President replied with feeling that he didn't ask Congress to cut, that he merely has said if there are any cuts he can live with them.

Pressed as to where big economies might be taken, the President fell back on the standard programs that are always cited—such as defense, farmer subsidies, and veterans' benefits. In the context of things, it sounded like an implied challenge to Congress—which the Administration knows is chary of using an ax on these expenses.

He put another barb into Democrats when he told newsmen that if they're really serious about economy, they will

kill the Democratic-sponsored measure to put miscellaneous feed grains under the soil bank, at an estimated cost of \$1-billion or more annually.

• **Paradox**—On the face of it, the situation is contradictory. On Monday afternoon, the Cabinet devoted its entire session to talk about how to save money; on Wednesday, Eisenhower was giving no ground to his economy-minded critics.

In the uproar, one fact has generally been overlooked: Merely because Congress appropriates money doesn't mean it has to be spent. If decisions are taken to make cuts, they can be effected by merely having Brundage—as "the President's man" in budget matters—instruct departments and agencies to spend only so much. He can force trimming in the federal payroll or slow down public construction projects, for example.

Brundage almost certainly came out of this week's Cabinet meeting as a more important figure than he went in.

III. Possible Surgery

There's no agreement on how much should be cut from the total budget.

• **Sen. Harry F. Byrd (D-Va.)** sets his goal at \$5-billion or more.

• **Sen. Styles Bridges (R-N.H.)** thinks \$2.5-billion or \$3-billion would be proper.

• **The Republican Senate Leader, William F. Knowland of California,** sees a possible \$2-billion—including \$1-billion out of foreign aid.

• **House Democratic Leader John W. McCormack (Mass.)** says any major cut will have to be taken out of foreign aid.

Yet, from the three previous Eisenhower budgets combined, Congress managed to cut only \$4.9-billion.

• **Chore**—Enormity of the budget cutters' task shows up in a recapitulation of what the House Appropriations Committee has done with the first series of money bills this session. The bills cover three major departments, plus the executive offices—White House, Bureau of Budget, and lesser agencies such as the American Battle Monuments Commission and the like.

These are the results:

	Budget Est.	Committee Voted	Reduction
Interior	\$ 515.1	\$ 454.4	\$ 60.7
Treasury	713.8	691.5	22.3
Post Office	3,250.0	3,192.0	58.0
Exec. Offices	20.9	16.0	4.9
Totals	\$4,499.8	\$4,353.9	\$145.9

Lumped together, the Administration estimates in these four areas account for roughly 6% of the \$71.8-billion budget; the committee cut only about 3% of what the Administration requested.

Viewed another, more realistic way,

the \$145-million in reductions—substantial by most standards—amount to barely more than one-sixth of 1% of the \$71.8-billion. And the areas covered are among non-security functions, generally viewed as the most susceptible to cutting.

IV. Areas of Resistance

Congress is face to face with several basic problems:

• **National Security**—About 63% of the total budget, or some \$45-billion, is for "national security"—including direct defense, atomic development, and foreign economic and military assistance.

Of this, \$38-billion is for direct defense, and, if changes are made, Congress is just as likely to go up as down. For example, Sen. Richard B. Russell (D-Ga.), a power on Capitol Hill, has his heart set on more money for atomic airplane development. Sen. Stuart Symington (D-Mo.), wants more for air-power generally.

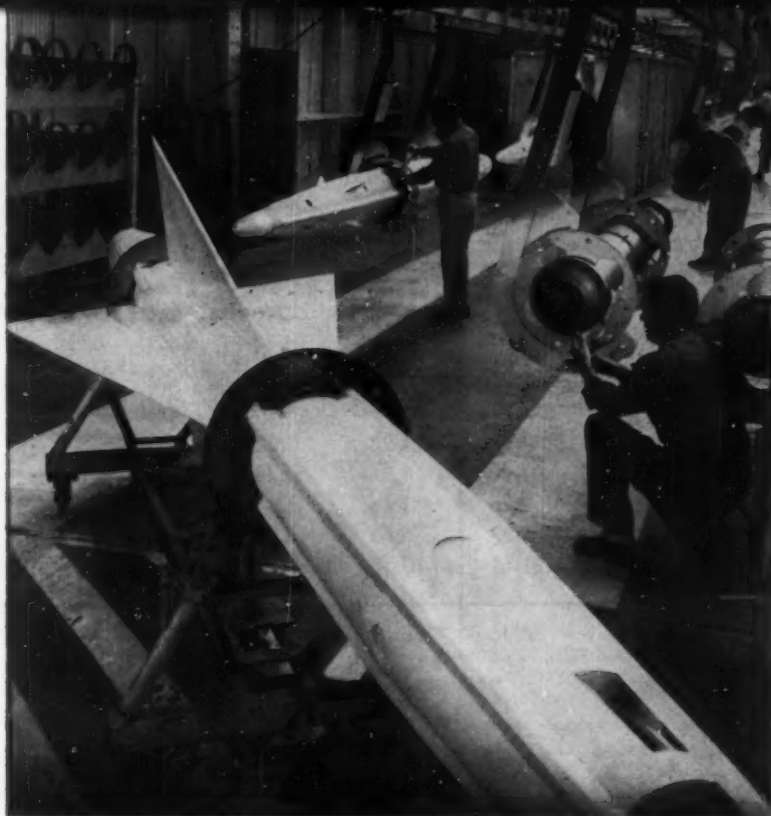
The other major portion of the security money is \$4.4-billion for foreign aid. If \$1-billion or more is to come out of the budget in one piece, this is a likely place. But Eisenhower has given notice he will fight. "I don't think you can take substantial cuts there and still support the welfare of the United States and the world," he has said.

• **Fixed Charges**—About 28% more, or roughly \$20-billion, is "locked in" and, for practical purposes, impossible to cut. It includes money for interest payments on the national debt, veteran benefits, agricultural supports, grants to states, etc.

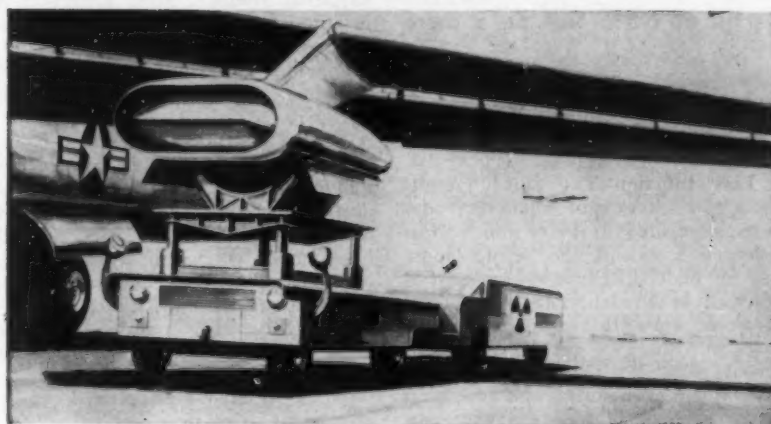
One probable casualty, of relatively small dimension, is the Administration's \$300-million-a-year school construction program, up for Congressional action this session. Its foes are invoking economy, but the biggest obstacle is Southern fear that the program would become a weapon to force racial integration in classrooms.

• **Housekeeping**—Approximately 10% is left for housekeeping functions of the executive, judicial, and legislative branches (except the Defense Dept.). For example, this covers Agriculture Dept. and Veterans Administration payrolls, but not the costs of such typical programs as farm subsidies or veterans pensions.

Clearly, abandonment or sharp retrenchment of government programs offers the best opportunity for big economies. But the Administration shows no signs of weakening on any programs it has proposed. The House Appropriations Committee spent two days last week in close questioning of Treasury Secy. George Humphrey and Budget Director Brundage, and neither would cite one cuttable item.



A Missile Being Mass-Produced . . .



. . . And an Atomic Plane in the Offing

U.S. technology has just about mastered the highly complicated Nike-Ajax missile system. The antiaircraft beam-riding missiles now are rolling off the production line (top picture) with a speed that almost rivals a Detroit auto assembly line. Already another atomic age scientific-engineering project, the nuclear-powered airplane, is beginning to take definite shape—in the artist's mind at least (lower picture).

The sketch of how a nuclear propulsion plant might be installed on a plane was drawn up as part of the exhibit of General Electric's Aircraft Nuclear Propulsion Dept. at the International

Atomic Exposition held this week at Convention Hall in Philadelphia. A shielded vehicle protects the ground crew from stray nuclear rays during installation of the nuclear power unit. General Electric has been working with the Atomic Energy Commission since the government started its atomic aircraft program, and informed sources believe the first atomic plane will look pretty much like the GE sketch.

All the guesswork about mass-producing the Nike missile, however, is over. Douglas Aircraft Co., prime contractor, has devised an elliptical conveyor system to assemble the weapon from

start to finish. After the different components are received from subcontractors, they are tested and fed into the assembly line. At the end of the line is a paint booth that slaps four coats of white enamel on the finished missile in one minute.

Inflation Remedy

Bank of Canada proposes ban on use of savings account funds for short-term loans to restrict credit.

Canadians were warned this week that unless they demonstrated more restraint against a rising wage-price spiral, new anti-inflationary credit controls would be set up.

This warning was issued by James E. Coyne, governor of the Bank of Canada, Canadian counterpart of the U.S. Federal Reserve System. Coyne's annual report to Parliament provided some clear parallels with current U.S. concern over inflation.

• **Strong Action Proposed**—But there also were some striking contrasts. The Canadian central bank has decided that its general and indirect controls over credit are not sufficient to stem inflation. It has put forward a proposal that would prevent Canada's nine chartered banks from using savings account funds for short-term loans. It says direct controls over consumer credit might be considered if there is no slowdown in installment buying.

In making this threat, Coyne criticized U.S.-owned finance companies operating in Canada. As he saw it: "These companies . . . last year failed to agree to impose voluntary credit restriction at a time when the country was faced with serious inflation. Finance companies are not required to maintain reserves like the chartered banks, nor are they subject to regulation in the way banks . . . are."

Up until now, the Bank of Canada has mainly relied on a combination of indirect controls over credit and voluntary restraint. Its appraisal of the inflationary potential in Canada was much like the Fed's own view of the U.S. situation. But now Coyne feels that the threat of inflation in Canada has intensified. He pointed out that the pressure on resources was greater than in the U.S. and that prices have increased more. Moreover, he noted that the rate of increase in spending for consumer durables last year went up by 10% in Canada and fell by 5% in the U.S. In 1957, he predicted that spending by government, business, and consumers would show further increases.

What Business Plans to Spend This Year

Billions of Dollars, Seasonally Adjusted Annual Rate

	1956				1957			
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	FULL YEAR	% CHANGE '56-'57
Manufacturing	13.45	14.65	15.78	15.81	16.34	16.88	16.41	10+
Durable Goods	6.57	7.38	8.20	8.21	8.48	8.85	8.50	11+
Non-Durable Goods	6.88	7.27	7.58	7.60	7.86	8.03	7.90	8+
Mining	1.13	1.28	1.26	1.28	1.23	1.22	1.22	2-
Railroad	1.25	1.22	1.20	1.23	1.34	1.48	1.47	19+
Other Transportation	1.65	1.63	1.79	1.76	1.76	1.84	1.83	7+
Public Utilities	4.56	4.61	5.08	5.27	5.65	6.03	6.06	24+
Commercial & Other	10.78	11.10	10.76	11.11	10.57	10.55	10.40	6-
TOTAL	32.82	34.49	35.87	36.46	36.89	38.00	37.36	6½+

Data: Securities & Exchange Commission, and Dept. of Commerce.

More—But Not So Much More

Capital spending in 1957 will break its own record for the third year in a row. But the estimated gain of 6.5% will be a mere shadow of last year's lusty jump.

THERE'S LESS STEAM in business spending for new plant and equipment than most forecasters have been counting on for 1957.

A survey of capital spending plans released this week by the Securities & Exchange Commission and the Commerce Dept., shows that business is planning to increase spending this year over 1956—but only by \$2.3-billion. If these plans are achieved, this year will set the third record in a row.

But the gain would be 6.5% in contrast to the lusty 22% jump last year. Key government economists, though counting on some slowdown in the rate of growth, had expected the survey to indicate a 10% gain for 1957. It is possible that almost all of the 6.5% gain in dollar totals will be accounted for in price rises, leaving little or no net gain in physical capacity.

• **Inklings**—Two significant insights into how businessmen look at the rest of 1957 are contained in the survey results, and both are mildly cheerful:

• Sales are expected to rise 8% in manufacturing, 4% in trade, and 9% for utilities, measured in dollar value.

• Capital goods outlays for the second half of the year are expected to be practically the same as in the first half, with no hint of a gathering rush

to cancel projects. The first half is expected to hit \$18.6-billion, and the second half \$18.8-billion.

• **Less Inflation**—The survey results point to a lessening of inflationary pressures, compared to 1956, and to this extent will reassure the White House and the Federal Reserve—where most of the worry over inflation has been shown. However, it also throws a new question mark into the 1957 picture as seen in recent weeks by most of the career government economists, who have been following signs of weakness with particular care.

There's a rolling readjustment flavor to the survey. Several of the major industrial groups are up sharply—and a few are down just as sharply. On the up side, nonferrous metals lead with an expected 100% increase. Aircraft manufacturing heads a planned 33% rise in the non-automobile transportation category. Steel, non-electrical machinery, and chemicals are expanding more than 25%. Utilities expect a 24% jump. Among the downs, autos show the deepest retrenchment proportionately, down 22%.

The over-all gain of 6.5% has a healthy undertone that government analysts are quick to point out. It is not based on the spectacular performance

of a few leaders, but is shared by most industrial groups. Solid expansion is in store during the year for most industrial lines, if the survey is borne out. The industries cutting their plant and equipment outlays are in the minority.

• **Second Report**—The SEC-Commerce survey—taken in late January and February—is the second covering industry's plans for 1957. The first was made last fall by the McGraw-Hill Economics Dept.; it showed that businessmen planned an 11% expansion. The two surveys are not directly comparable; the change from an 11% gain in the McGraw-Hill survey to 6.5% in the SEC-Commerce survey can't be taken as entirely a measure of declining investment plans since last fall.

One reason is that SEC-Commerce gets reports from a great many small companies that are not included in the McGraw-Hill survey. For example, the SEC-Commerce category of "commercial and other" shows a drop of \$678-million in plans for 1957, compared to the 1956 actual. This is the biggest dollar drop of any category, and is due mostly to a decline in shopping centers and other retail construction. But because the category contains many small companies, it is not reflected to the same extent in the McGraw-Hill study.

The presence of more small companies in the SEC-Commerce survey causes lower results in most of the industry groups. Government analysts

report that in the key manufacturing group of industries, the gains this year are attributable to the larger firms. Small companies—presumably hit harder by tight money and by the shortage of still-scarce capital goods—are either canceling or postponing a greater proportion of projects than larger firms.

Dependable measurements of any shifting trend in planning will show up when McGraw-Hill publishes its next survey in mid-April, and SEC-Commerce follows with one in May.

• **Why a Slowdown**—The marked slowdown in the rate of growth—shown in both surveys—stems from a number of factors:

- Shortages of goods and money are probably most important. For nine months now, businesses have reported inability to achieve goals, simply because financing cannot be arranged or scarce goods cannot be delivered. Structural steel, for example, has never made up the effects of last summer's strike.

- Some slowdowns may be associated with dropping sales last year, such as autos, or weakening prices as in textiles and copper.

- Rising costs may be playing a key role in some industries. Chemical producers, harassed by narrow profit margins due to rising costs, and unable to post offsetting price increases due to increasing competition, are planning another record year of expansion, but not with the zest they showed in 1956. Last year, they increased outlays \$439-million; this year, they expect a rise of \$344-million.

- **Impact**—These influences are falling with widely varied impact on both industry classes and individual companies, of course. Among durable goods makers, for instance, autos and the broad stone, clay, and glass products category show declines, while five industries plan increases.

Among the makers of nondurables, there is only one significant decrease—textiles. Food and beverages expect to equal last year's performance, a small gain is posted by the rubber industry, and substantial increases are planned by chemicals, petroleum, and paper.

The 6% decline indicated for the "commercial and other" category is misleadingly mild. This class always includes trades, service, finance, and construction, and among these, trade shows a sharp drop. But in this March survey, each year, the category is expanded to lump in communications with it. (Communications is dominated by American Telephone & Telegraph to such an extent that the government does not want to show it separately until after AT&T's stockholders' meeting in April, when its plans are publicly announced.)

What Consumers Plan to Buy This Year

(Percentage of spending units planning purchase)

	Early 1957	Early 1956	Early 1955	Early 1954	Early 1953	Early 1952
Houses	8.4	9.4	9.4	6.6	8.8	6.4
Home Improvements & Maintenance	24.0	22.2	22.0	19.6	16.9	NA
New Automobiles	8.4	8.4	8.2	7.9	9.0	6.8
Used Automobiles	8.0	7.2	7.5	6.4	6.2	6.0
Furniture & Major House Appliances	28.8	28.0	28.5	26.9	31.9	23.2

Full Purse but Tight

THE FEDERAL RESERVE BOARD this week confirmed what many businessmen have already guessed about 1957: Consumers aren't acting the way people with full pocketbooks are supposed to.

The Federal Reserve's annual survey of consumer attitudes shows a flattening out of intentions to purchase big items such as autos, houses, furniture, and appliances. Unless something comes along to make consumers change their minds, they'll buy consumer hardgoods at about the same rate—but not significantly higher (chart, above).

- **Poser**—The puzzle is why this should be so—when the survey also shows they have higher incomes, can lay their hands on more cash, and more expect raises this year than early in 1956. Yet they aren't rushing out to load up with staple standard-of-living items.

The survey—made for the Federal Reserve in January and February by the University of Michigan's Survey Research Center—doesn't supply a clear answer. On the whole, consumers are still optimistic about the future, though not by the same margin as a year ago: 60% expect good times in the next 12 months, compared to 64% in 1956. The minority (13%) that expects bad times is somewhat larger, and this shift may account for some consumer reluctance. It is also possible that rising prices are having an effect.

Whatever the reasons, the survey indicates that 1957 will be a year very much like 1956—with consumers spending freely on the whole, but not a lot more for hardgoods items.

- **Cloudy Crystal Ball**—The survey, of course, doesn't always foretell what consumers actually will do. The last two years, results have been particularly off the mark regarding new autos. The big reason is that this particular survey is made early in the year, months before the new models are shown.

The report shows the median price consumers intend to pay for new autos this year is \$2,000, compared to \$2,810 in the 1956 survey. The expected price jump is greater for used cars: \$920 is the median expected this year, \$120 higher than in 1956.

- **Bright Spot**—Houses are another question mark. Intentions to buy are down about 10% from the 1956 level, but even this level depends on the availability of mortgage money.

Plans for home improvements are the brightest spot in the 1957 survey. The number expecting to make improvements costing \$50 or more is higher, and the median expenditure is expected to rise from \$370 last year to \$460.

- **Incomes Up**—In contrast to this stable level of buying intentions, consumers report another surge upward in both incomes and savings. Last year, 36% of the spending units surveyed had over \$5,000 income; this year the number is up to 41%. Only once—in 1953—has the jump been as big.

Income rises over a year ago are reported by 45% of those surveyed, compared to 41% in the 1956 survey. What's more, 40% expect to be making more a year from now; in the 1956 survey, 37% expressed the same hope.

Perhaps because of price increases, this cheerful income picture doesn't leave consumers feeling any better about their situation. The same number as a year ago—40%—say they are better off.

- **More Ready Cash**—One of the tantalizing findings of the survey to retailers, who could use more customers, is the rise in liquid assets, which include U.S. bonds, checking accounts, and savings accounts in banks, credit unions, savings and loan associations, and the like. The number of spending units with no savings backlog at all is declining, and the number with assets worth up to \$1,000 is increasing.

The Mobile

As house trailers get bigger and fancier than ever, the public takes them more to heart as long-run housing, parked in one place semi-permanently.

IN THE MOBILE HOME INDUSTRY, the accent these days is more and more on "home," less on "mobile." For the evidence, look at the pictures on these pages, taken at the Mobile Home Manufacturers Assn. annual show last week in New York's Coliseum.


In appointments and size, most of the glamorous '57 models show no traces of an ancestry that includes the rickety trailers towed west by Dust Bowl refugees in the '30s. The manufacturers are blessing them with all the comforts of home—which is exactly what they are to most purchasers.

In fact, approximately 85% of the 121,470 mobile home units sold last year went into service as semi-permanent housing. And the 1956 ratio of mobile home sales to conventional housing starts was 1 to 9 or 10. The trend amounts to invasion of the market for low-cost, prefab housing (BW—Mar. 14 '53, p. 28).

• **The Figures**—Trailers have been climbing in the social scale ever since World War II—when they first began doing emergency duty as housing. Sales jumped from \$39-million in 1945 to last year's \$500-million. What's more, 1956 unit volume was up 12% and dollar volume up 30% over 1955—which, in turn, had shown a 15% gain in unit volume over the year before.

There have been comparable increases in dimensions of the mobile homes themselves. More than 60% of the units built last year measured 40 ft. long or more, and in this year's crop there are many of the 10-ft.-wide variety (in the past, most stopped at 8 ft.). As the mobile homes get bigger, they get less mobile. Some localities require a lowboy—usually assigned to hauling bulldozers—to tow the giant jobs. In many areas, they are banned from the roads on weekends. Elsewhere, it's necessary to take out a permit to move them at all, or to confine your travels to thruways or turnpikes.

• **Clientele**—Still, there are now 3-million Americans in residence in 1-million mobile homes. They are easy to classify. Of the home-type trailers sold last year, some 50% went to transient skilled workers employed on a project such as the St. Lawrence Seaway. Military personnel bought 25% to



BIGGER and less mobile mobile homes were the most noticeable trend of 1957 models shown off by manufacturers last week in New York. Some are now 10 ft. wide.

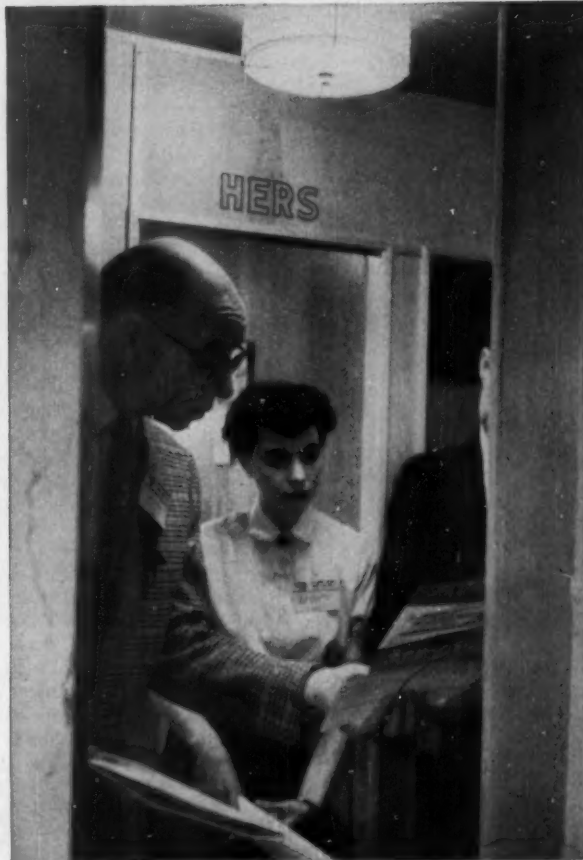
Home Isn't So Mobile Any More



COLLAPSIBLE trailer (\$6,250 complete with appliances) is one way to beat size limits on highways. It folds before a move.



LIVING ROOM of collapsible job is touted as biggest in the business. It's a spacious 13½ ft. x 14½ ft. Kitchen is roomy, too.



THREE BEDROOMS make this trailer big as a house.



TRUCKS are necessary to move many of today's "mobile" homes; so trailer hauling companies have sprung up to fill needs.

VACATION trailers are regaining favor among sportsmen and other weekenders. They were once mainstay of industry.

27% of the total; retired people, another 15%. The "young married and miscellaneous" category absorbed the rest.

If the trend toward size continues, these trailer dwellers—and their mobile homes—will soon bump into trouble with real estate agents, zoning ordinances, and the like. They already have a problem with trailer parks, in which a shortage of space threatens to stymie the whole industry. The situation is serious in 85 U.S. urban areas. Furthermore, fewer than half the 13,000 existing parks meet the standards for MHMA approval.

The exception that proves the size rule is the vacation trailer—less than 25 ft. long—for handy hauling by a passenger car. Particularly popular on the West Coast, these "California" trailers have been increasing 20% in sales over a 24-month span.

• **Who's Who**—The mobile home industry is a study in smallness, even in this day of increasing concentration. Roughly, there are 300 mobile home manufacturers, of which no one can claim for itself as much as 10% of total annual sales (\$500-million last year). At the top, some four or five leaders share about 30% of the market, with sales running \$20-million to \$30-million a year each. Fifteen others tot up \$7-million to \$20-million annually, and the rest trail off to modest totals. Many of the smaller makers work only on a custom basis.

For years, there has been much talk of consolidating the industry. The argument now is that it would be a weapon against new pressures from

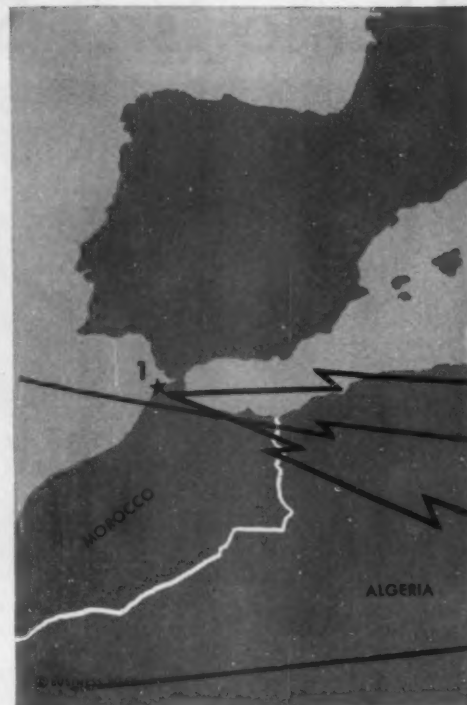
competition and tight money. But few have turned theory into practice. For one thing, smallness is no handicap when, as with mobile homes, hand labor still does much of the work. And one informed industry observer notes that many manufacturers cherish their individuality.

When consolidations do occur, they tend to follow the pattern set by one of the industry's leaders, Mid-States Corp. of Union City, Mich. Mid-States buys up smaller manufacturers but preserves their identities. When smaller independents fall as casualties, replacements usually pop up.

• **Spreading Out**—There has, however, been a trend toward dispersal geographically, mainly because one of the mobile home makers' few flexible costs is hauling the product to market. That can run from 33¢ to 50¢ a mile. The industry's traditional center is the Midwest, but several branches of existing companies have blossomed in Florida and elsewhere. One result is that now a manufacturer often sells his products only in the area served by his plant, rather than nationally.

When the mobile home man makes a deal, bankers are usually eager to help in the financing, despite tight money. Mobile home sales contracts have one of the most unblemished records in the installment field.

So far this year, though, sales have been slower than last year. The first quarter, of course, is a traditional laggard. If the trend continues, the industry may yet see more of the concentration to which other businesses have been turning.



- | | |
|------------------|-------------------------|
| 1. TANGIER: | 3. ATHENS: |
| Voice of America | Possible site of |
| 2. ROME: | Protestant and Orthodox |
| Vatican Radio | Church transmitter |

Battling

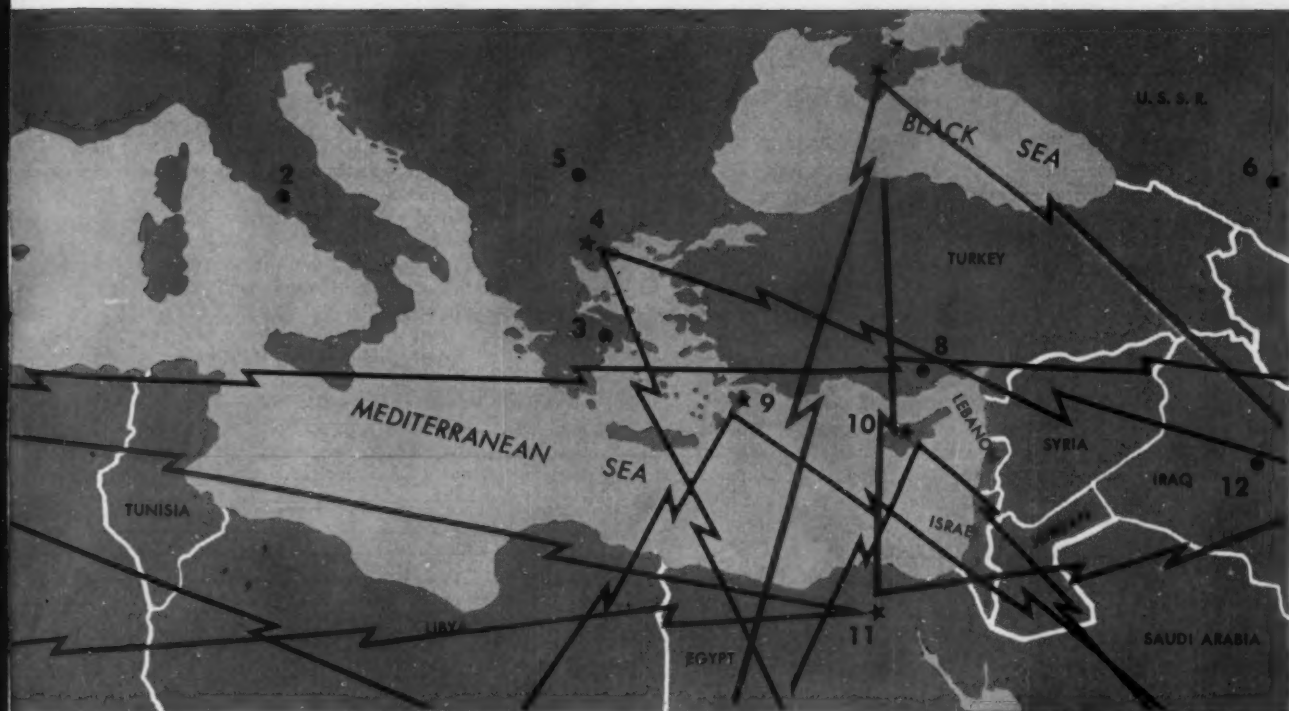
Against a crackle of planned interference and against competition, the Voice of America is trying to sell the Eisenhower Doctrine to the Middle East.

THE VOICE of the Arabs, electronic mouthpiece of the regime of Egypt's Pres. Gamal Abdel Nasser, this week picked up a new and violent tune. The U.S., it said, is the biggest and most villainous of the imperialists; America and Israel are in league and secretly agree on all their moves. That was the content of a series of long harangues beamed out from the Cairo radio station to all the Middle East, as Nasser switched back to his openly anti-Western policies (page 149).

Within a few hours, the government radio in pro-Soviet Syria was parroting the message; Moscow Radio's shortwave transmissions to the Mideast were pouring more vitriol into the air; Iraq's pro-Western government was doing its best to keep Iraqis from hearing the harangues; Voice of America transmitters in the Mediterranean were trying, against this noisy background, to sell



DISPLAYS in New York Coliseum were arranged for inspection of '57 models by dealers, trailer park operators, and bankers. The public was admitted only on last two days.



4. SALONIKA:

Voice of America

5. BULGARIA:

Russian short-wave jammers

6. AZERBAIJAN:

Russian short-wave jammers

7. CRIMEA:

Radio Moscow

8. TARSUS:

Possible site of new
Voice of America
transmitter

9. USS COURIER:

Voice of America

10. CYPRUS:

Br. Broadcasting Corp.

11. CAIRO:

Voice of the Arabs

12. BAGHDAD:

Iraq Radio

Radios Vie for Arabs' Ears

the Eisenhower Doctrine; British, French, and half a dozen smaller, local radio systems were joining in.

Though the guns are silent in the Middle East—temporarily, anyway—the electronic battle of the airwaves grows only more intense as West and East, and their local allies, fight by radio for the minds and emotions of the Arabs.

• **Prime Media**—Both sides are putting millions of dollars into the battle. The initial targets are the 2,141,500 radios scattered through the Arab nations. In that part of the world—where wide stretches of desert are punctuated by over-crowded towns, where living standards and literacy are low—radio is about the only means of communication. From Morocco to Baghdad, the combat among broadcasters is conducted in barbershops, grocery stores, coffee shops.

There was a time, soon after World War II, when Britain's BBC was the most powerful and often-heard voice in the Middle East. Since the British-French-Israeli invasion of Egypt, few of those 2-million radios in the Mideast have been tuned to the BBC.

Today, Moscow's is technically the most powerful foreign voice in the Mideast's airwaves. From the Crimea, it

sends out medium-wave broadcasts—best received on most of the 2-million radios. But its programs come in Arabic only two and a half hours a day.

The Voice of America, with the next most powerful transmitters, comes to the Arab world nine hours a day. But the Voice has one severe handicap: Though its short-wave programs from Tanger and Salonika are powerful, its medium-wave transmitter, aboard USS Courier, anchored off the Greek island of Rhodes, reaches the Middle East as a weak signal at the best of times.

• **Nasser's Voice**—Nothing compares in popularity these days with Nasser's Voice of the Arabs. It broadcasts eight hours a day, puts out 15-min. news and "news analysis" sessions every hour, winds up the evening with a full hour's commentary on the day's affairs that is typically propaganda designed to incite Arabs living outside, rather than inside Egypt.

Nasser set up his Voice in 1955 as an operation separate from the long-established Radio Cairo. In an area where radio can be as effective as the best-trained political agent, the Voice of the Arabs claims many victories in its two years' work: promotion of the

Algerian rebellion against France, sabotage in the Persian Gulf oilfields, the ouster of Britain's Gen. Glubb in Jordan, the severe weakening of the Baghdad Pact.

Three things make the Voice of the Arabs the most popular station at this moment of the Middle Eastern contest: Its propagandists understand the Arabs' needs and emotions; it draws on the Arab world's best entertainers, most of whom are Egyptians; the owners of the innumerable coffee shops and market place stores, where crowds gather to listen to the radio, know that in this time of nationalism, their business will be better if they tune to the Voice of the Arabs rather than to the Voice of America, the BBC, or even Radio Moscow.

• **Shrieks and Whirrs**—Propaganda and the sugar coating of entertainment aren't the only noises poured into the Middle East's air. Most of the time, the radios there also bring in the shrieking, peeping, and whirring noises of jamming stations. From Bulgaria and Azerbaijan, Russia tries to jam programs of the Voice of America. In Egypt, local jamming stations blot out the BBC and Baghdad Radio. In Iraq,

other local jammers prevent reception of the Voice of the Arabs.

The major participants generally favor a less negative form of jamming. The method here is to transmit your own program on a frequency very close to that of your competition. Then, if your station is closer to the audience, and your transmitter more powerful, the competition will be drowned out.

• **New Noise**—To all the noise produced by the major participants in the Middle East radio war, more decibels are being added. Every Middle Eastern country has its own internal radio station, and as the major contestants add more time and more power to their broadcasts, the smaller countries keep making more frequent grabs for their share of air time.

Saudi Arabia's King Saud, involved

in a popularity contest with Nasser, is buying equipment for a new station at Riyadh, his capital. Iraq's pro-Western government, seeking to counter the Voice of the Arabs, is planning a 200-kw. transmitter. Lebanon, one of the few moderate nations in the Middle East turmoil, is collecting bids for a 100-kw. station. And this week, the National Council of the Churches of Christ in the U.S. announced plans for a 100-kw. station in the Middle East.

• **U.S.'s Effort**—It's in this inferno of propaganda that the Voice of America is trying to sell the Eisenhower Doctrine to the Middle East. With what success? Says a BUSINESS WEEK reporter in Beirut, Lebanon: "Many complain that taped programs sent from Washington and from Voice offices in Cairo and Beirut—plays and

disk jockey shows—are not up to the standards of the competition. But they should improve after Mar. 31, when the Voice introduces new shows.

"Two technical drawbacks trouble the Voice: Its medium-wave transmissions from USS Courier—on a 150-kw. transmitter, three times as powerful as any U.S. commercial station—are received weakly because they're broadcast from sea level. They also come in on the side of the dial directly opposite to that on which most Arab stations are clustered."

In Washington now, the Voice's parent agency, the U.S. Information Agency, is trying to overcome one of those drawbacks. In its 1958 budget, it's seeking \$4-million for a land-based transmitter, which would gain range in the battle for the Arab world's minds.

Wolfson Pushes AMC Plans

Now probably American Motors' biggest stockholder, he'll make "suggestions" for some "overhauling"; Detroit sees possible auto pruning, moves concerning appliances.

American Motors Corp. has a backseat driver who may be getting ready to take the wheel. Louis Wolfson, long-time holder of stock in AMC and a predecessor company, soon will meet with AMC Pres. George Romney to "make certain suggestions for the improvement of the company's earnings." It will be their third meeting.

Wolfson, Romney disclosed this week, now is probably the company's largest single stockholder. The Wolfson family owned stock in the Hudson Motor Car Co., which merged with Nash-Kelvinator Corp. to form AMC. Wolfson has since brought his personal holdings to 350,000 shares out of some 5.6-million outstanding. Wolfson carefully adds that this does not include any stock "my friends and associates own."

• **Topics For a Talk**—Romney says he is always happy to discuss plans for improving operations with any stockholder.

Romney says that in earlier meetings Wolfson had no specific program, and did not ask for a place in management. Wolfson says he has certain suggestions for "trimming, paring, and pruning of certain unjustifiable operations, and possibly an expansion of others." Further, he adds, Romney indicates "a desire to cooperate."

One possible suggestion Romney wouldn't willingly cooperate with: Junk the automobile business. Wolfson was reported toying with this idea—because, as even Romney concedes, that's where AMC is losing money. The company's over-all operating loss was

more than \$30-million in the fiscal year ended last Sept. 30.

• **What to Prune**—Romney still stoutly insists there is a future for small and "compact" (Rambler) cars in the U.S. (BW—Jan. 26 '57, p46). For the first four months of AMC's present fiscal year, Rambler sales were up 40% over the same period a year earlier—from 16,470 to 23,183. For this January, sales of AMC's small, British-made Metropolitan were 585, against 313 in January, 1956, but AMC's big Nash and Hudson cars sold less than 10,000 in the four months, against 14,000 a year previous.

Consequently, Detroit belief is that Wolfson's "paring and pruning" meant Nash and Hudson, at any rate, even if not the whole auto operation. At one time Wolfson reportedly at least mulled over the idea of seeking a buyer for the Rambler and for AMC's interest in the Metropolitan.

• **Possibilities**—That would shrink AMC down to the Kelvinator Appliance Div., which Romney says was profitable last year, as it generally has been. In a formal statement, Wolfson several times referred to the division's potential.

Wolfson is undoubtedly aware of speculation that the appliance industry is undergoing the kind of contraction the auto industry has seen—with some betting that there'll ultimately be only five full-line appliance companies, one of them still to be formed from existing companies.

If Wolfson were looking to raise cash



BACKSEAT DRIVER Louis Wolfson will tell AMC Pres. Romney how to steer.

for AMC—for distribution to stockholders or to improve its position to keep it in the auto business—a sale of Kelvinator as nucleus for a new giant appliance firm would do it. Because of AMC's \$36-million tax-loss credits, the cash would be tax-free.

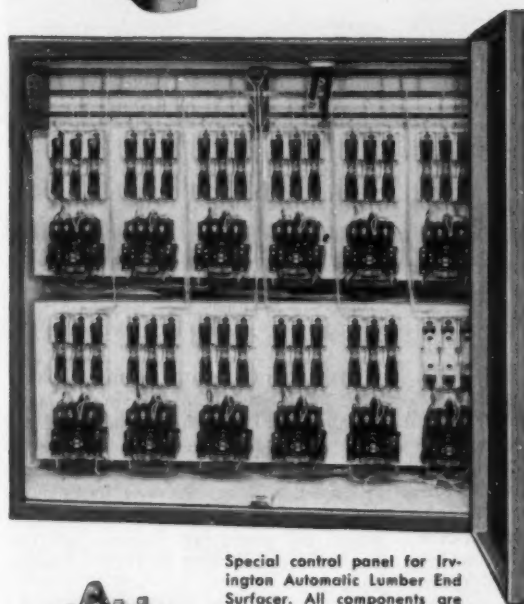
The combination of tax-loss umbrella and Kelvinator strength could be used in other ways—for example, to pull other appliance makers into AMC.

Wolfson himself has talked of exploring "the possibility of bringing new earning power into the company, and thereupon reverse the loss trend and go forward on a profitable basis, thus utilizing the tax loss carryforward to the maximum benefit of stockholders."

AMC's present earning power and limited assets would seem to make it unattractive as an investment. But the presence of a strong profit center and a tax loss make it suitable for the kind of financial rearrangement for which Wolfson has become noted.



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Special control panel for Irvington Automatic Lumber End Surfer. All components are standard Allen-Bradley control units listed in the A-B Handy Catalog.



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Bulletin 800T
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Button with
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and N.C. contacts



Bulletin 800T "Push to Test"
Oiltight Pilot Light



The "nerve center" of a modern, automatic production machine is its motor control panel. For uninterrupted production, this control must be completely reliable. That's why Allen-Bradley motor control is so popular with machinery and equipment manufacturers. Here are some of the *facts* on which the A-B reliability is firmly established.

Allen-Bradley solenoid starters have only *one* moving part—there are no bearings to bind, no pivots or pins to wear, and no linkages to stick. This simplicity of design is your assurance of *millions* of trouble free operations. And in addition, the double break, silver alloy contacts—used in *all* Allen-Bradley controls—eliminate delays for routine maintenance—they are always in perfect operating condition.

Profit from the experience of leading automatic production equipment manufacturers. Standardize on Allen-Bradley—the "quality" motor control. You cannot obtain greater dependability.

ALLEN-BRADLEY

MOTOR CONTROL

QUALITY

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In Canada—Allen-Bradley Canada Ltd., Galt, Ont.

One Oil Crisis Leads to Another

● Getting the U. S. oil industry back to normal again may prove as painful as meeting the Suez emergency.

● Independent producers are closing ranks to fight for their increased share of business and increased prices.

● And the Arab nations are getting restive about their royalty agreements. They want a still bigger slice.

Only four months ago, the U.S. oil industry laboriously put together new supply lines to repair the disruption caused by the closing of the Suez Canal and the shutdown of pipelines in the Arab countries. Under the whip of Europe's urgent need for fuel, the industry called on domestic, Canadian, and Venezuelan producers for more output. New tanker and pipeline routes were set up (BW—Nov. 24 '56, p. 27).

Now the Middle East pipelines are partially in service again, and the canal can be reopened whenever Pres. Nasser of Egypt says the word. The oil industry is faced with returning to "normal" and—without the pressure of a world emergency—many people are frank to say they don't like it.

• **Consequences**—Domestic producers, particularly the independents, see only that their allowable production will be cut back, that imported oil will compete with them even more painfully in the home market (BW—Mar. 9 '57, p. 19). Venezuela and Canada view with alarm the end of their increased sales to Europe and the U.S.

Nobody sees any bright spots in the situation except the Europeans, who are relieved of the burden of paying dollars for more costly oil, and the Arabs, who sense a chance to demand stiffer royalty agreements with the international companies that hold concessions in their countries.

I. Mending the Break

The shift in oil flow was a major problem when it was put into effect, and it will be another major problem to call off.

Before the Suez trouble, 1.7-million bbl. of oil moved each day through the canal to European and U.S. markets. Another 550,000 bbl. a day came through Iraq Petroleum Co. pipelines to Mediterranean ports. Of this total of 2.25-million bbl., about 300,000 bbl. a day came to the U.S., and the rest went to Europe.

After the shutdown, about half of Europe's loss was made up by rerouting tankers around Africa; the U.S. take was, of course, canceled. Instead

of importing from the Middle East, the U.S. exported to Europe. It also stepped up its purchases in Latin America and Canada, as did the Europeans.

• **Back to Status Quo**—Now, Europe's interest in Western Hemisphere oil is evaporating. Oil is already flowing again through the Iraq Petroleum Co. pipelines at the rate of 200,000 to 220,000 bbl. a day, and tankers are moving to pick it up.

Meanwhile, U.S. producers have boosted crude oil prices around 35¢ a barrel during their period of lush demand. Prices of gasoline and heating oil have risen accordingly. Now the question comes up: Can the back-to-normal market sustain these prices?

II. It Hurts to Cut Back

Under prodding by the federal government, the oil states have allowed domestic crude oil production to climb about 900,000 bbl. a day above the pre-Suez figure.

In Texas alone, production will be 380,000 bbl. a day higher by the end of the month, and Louisiana has slackened the reins even more. Oklahoma, New Mexico, and other oil states have also recorded new highs. Now that production is up, it's going to be painfully hard to get it down again.

• **Imported Oil**—U.S. domestic producers—the independents—were already sore about imports before the Middle East boiled over. They resented having their allowable production held down while the big companies were permitted to import competing oil.

All through the crisis, they have been objecting that imports, chiefly from Venezuela, were continuing at a high rate. Only their own increased allowable production mollified them. To keep this higher earning power, they're getting ready for a showdown fight on the whole imports issue.

"Our government must face some basic decisions with respect to a sound national policy on oil," says Russell Brown, general counsel for the Independent Petroleum Assn. of America. "And these decisions must be made now."

TIPRO plans a big strategy powwow scheduled for Mar. 24 to work out a united front, either to press Pres. Eisenhower into exercising his powers to limit imports, say, to the 1954 ratio, or to persuade Congress to legislate such a limit.

"Once the canal reopens," says TIPRO's Pres. A. E. Herrmann, "independents face the prospect of losing their markets to importers who will want to make up for lost time."

And the return of imports at an even higher level might easily force crude oil prices down again. The independent producers contend that the recent increase was long overdue and had nothing to do with the Suez crisis, but they are aware of the hazards of their position.

• **Forlorn Hope**—The independents have directed their pleas to Defense Mobilizer Arthur S. Flemming, who will leave his post any day now. Before he goes, he is again asking importing companies to keep their imports down or face possible compulsory quotas by the federal government.

He has the backing of the Cabinet committee on energy supplies and resources, but the independents are none too hopeful. Flemming has made similar statements to the importers all along, without much effect.

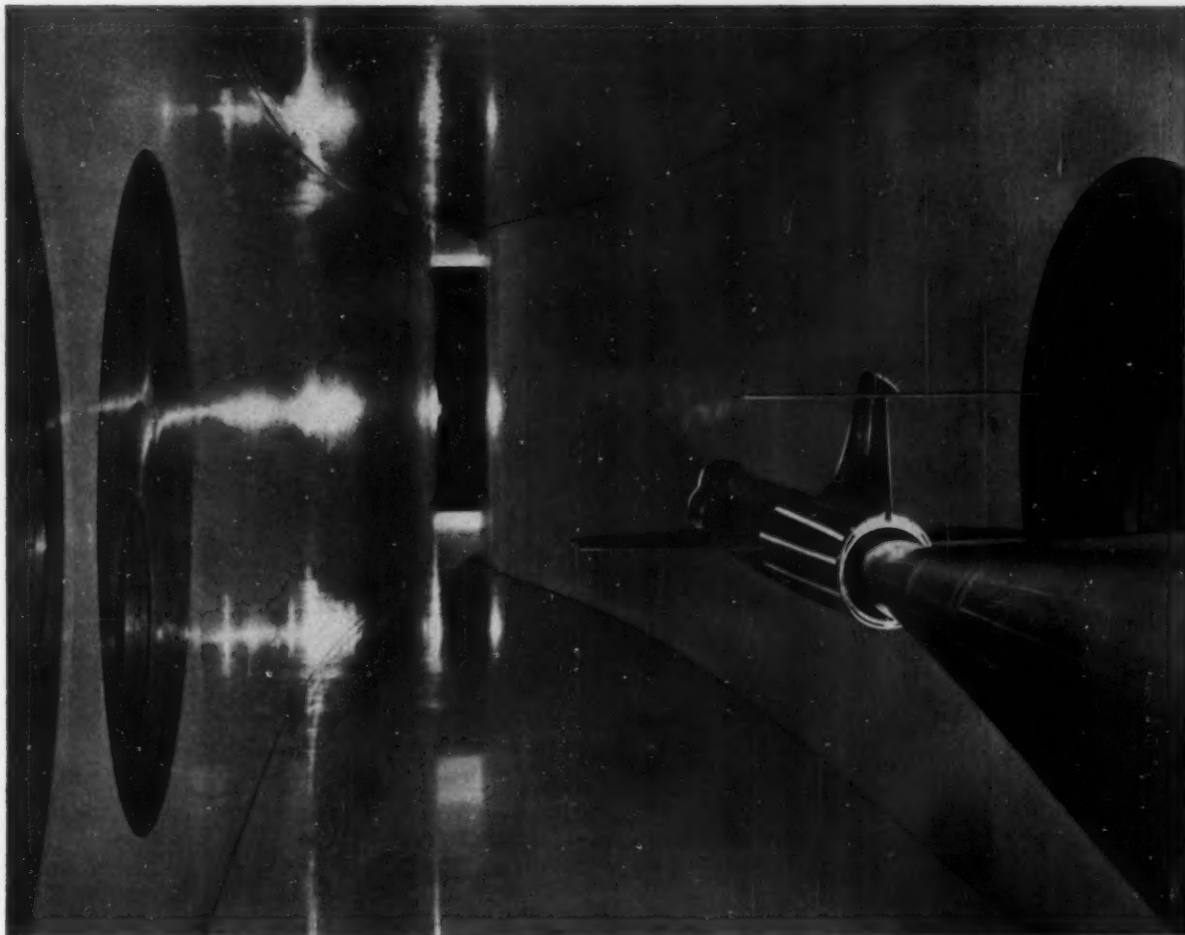
Importers take the stand that national security is aided by conserving our supplies of oil in the ground, importing some of our oil instead.

III. Arab Hand Out

Even after oil returns to normal channels, there's trouble ahead in the Arab countries. The Arab League has long been pressing its members to demand higher payments and more oil refineries in their countries. Now it looks as if the countries are ready to get tough. These oil producing nations get between 50% and 90% of their revenues from oil.

• **Sign in the East**—Saudi Arabia, often a pattern-setter in oil agreements, is tightening the screws on Arabian American Oil Co. It wants Aramco to stop figuring in volume discounts, refining fees, and marketing allowances to its four parent companies before the 50-50 split of profits is made.

Sheikh Abdullah Tariki, Saudi Arabia's Director General of Petroleum & Minerals, also wants Aramco to become an integrated company, doing its own refining and marketing and giving more autonomy to officials in Arabia. Moreover, Arabia is asking for \$84-million in back taxes on profits of the Trans-Arabian Pipeline (Tapline).



Walls that bend form the throat of this new wind tunnel for aeronautical research. Made of nickel-containing USS "T-1" steel, these walls can be deflected more than 10". Air speed range of this 8- by 7-foot test section is about 1650

to 2300 mph at altitude. Scale model of supersonic Lockheed F-104 fighter plane is under test by the National Advisory Committee for Aeronautics at the NACA's Ames Aeronautical Laboratory, Moffett Field, California.

Where man-made winds whip up supersonic hurricanes

Wind traveling 2300 mph is just too big a blow for a conventional wind tunnel. Air can't be pushed beyond the speed of sound by power alone. The tunnel "chokes up" and generates only shock waves and more heat. To pick up an extra burst of speed, air at sonic velocity must be expanded into a larger chamber. And to get a range of supersonic speeds, a whole series of different sized expansion chambers is called for.

By designing *walls that bend*, a range of chamber sizes and super-

sonic speeds could be provided in new large wind tunnels for aircraft research. These walls had to be made of metal plates that would "*give*" without *giving in* under constant flexing and bending.

Nickel-containing USS "T-1" was the steel chosen for the job. Its high yield strength—almost three times greater than that of carbon steel—provides extraordinary resilience. Chamber walls of USS "T-1" can be flexed re-

peatedly without permanent distortion of their original shape.

If you have a problem involving corrosion, wear, high or low temperatures, stresses or fatigue, talk it over with us. We may be able to show you how nickel or a nickel-containing alloy can overcome your difficulties.

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THE INTERNATIONAL NICKEL COMPANY, INC. 67 Wall Street
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In Business

• • •

Panagra in Middle as Owners Bring Disagreement Into Open

Bickering over Pan American-Grace Airways, equally owned by Pan American World Airways and W. R. Grace & Co., broadened this week to include a competing line, Braniff International Airways.

Three years ago, the Justice Dept. filed a suit to force both Grace and Pan Am to divest themselves of Panagra, which flies along the west coast of South America on the Panama-Buenos Aires route. Its route is far shorter than Pan Am's east coast service, but Panagra planes can reach New York only through interchange with Pan Am and National Airlines.

Last November, the four Grace directors on Panagra's board overrode objections of the four Pan Am directors and applied for extension of the route from Panama to New York and San Francisco.

This week, Pan Am offered to sell its interest to Braniff, which already flies the west coast—if, in return, it also got a west coast route. Pan Am suggested that Grace could retain as much of its Panagra interest as Braniff and the government would permit.

"Panagra is definitely not for sale," said J. Peter Grace, president of W. R. Grace. Pres. Charles E. Beard of Braniff said his line would consider acquiring Panagra only if it could have full ownership without any strings that gave Pan Am a west coast route.

• • •

New Common Stock to Help Pay For Aluminum Plant on Seaway

Reynolds Metals Co. this week told how it plans to finance its \$150-million primary aluminum plant on the St. Lawrence Seaway (BW—Feb. 23 '57, p. 32). It filed a registration statement with SEC for an offering of additional common shares to stockholders, probably at a 1-for-11 ratio—about 914,000 shares. This would raise upward of \$35-million.

Another \$100-million is to come from sale of first mortgage bonds to institutional investors, and the remaining \$15-million from bank loans.

• • •

Steel and Lead Join Forces To Find Iron Ore in Missouri

Bethlehem Steel Corp., No. 2 in the steel business, and St. Joseph Lead Co., No. 1 in lead and No. 2 in zinc, are cooking up a joint company to develop a major iron ore field in central Missouri.

St. Joseph Lead is to operate the underground mine; Bethlehem will provide financing, experience in iron ore beneficiation, and a market for 2-million tons of ore per

year. (Only about 14-million tons of the 102.6-million tons mined in the U.S. last year came from underground.)

The new Pea Ridge ore field is only 80 mi. from a water route to Chicago. If Bethlehem's merger with Youngstown Sheet & Tube Co. goes through, Missouri ore could feed Youngstown's Chicago plant and help Bethlehem tap the long-coveted market in that area.

Granite City Steel Co. and American Zinc, Lead & Smelting Co. announced joint exploration for iron in Missouri on equal shares. American Zinc will operate any mines that are developed. Granite City already gets one-third of its ore from Missouri.

• • •

Freeport Sulphur's Nickel Mine To Boost U.S. Supply by 17%

After years of dickerings, Freeport Sulphur Co. got into the nickel business this week. It is going ahead with two plants adding up to \$100-million: a producing plant at Moa Bay, Cuba, and a refining plant on the U.S. Gulf Coast, probably in Louisiana, where Freeport already has a pilot plant for refining nickel.

The last snags were removed by a General Services Administration contract—the first under a program of encouraging new processes for nickel—to buy up to 271-million lb. of Freeport nickel at today's market price of 74¢ a pound until mid-1965. The government has first claim on 30% of Moa Bay's annual production. It is also committed to buying 24-million lb. of cobalt, which is produced along with the nickel.

At the outset, Moa Bay is scheduled to produce 50-million lb. of nickel and 4.4-million lb. of cobalt per year. It adds 17% to U.S. supply of nickel.

• • •

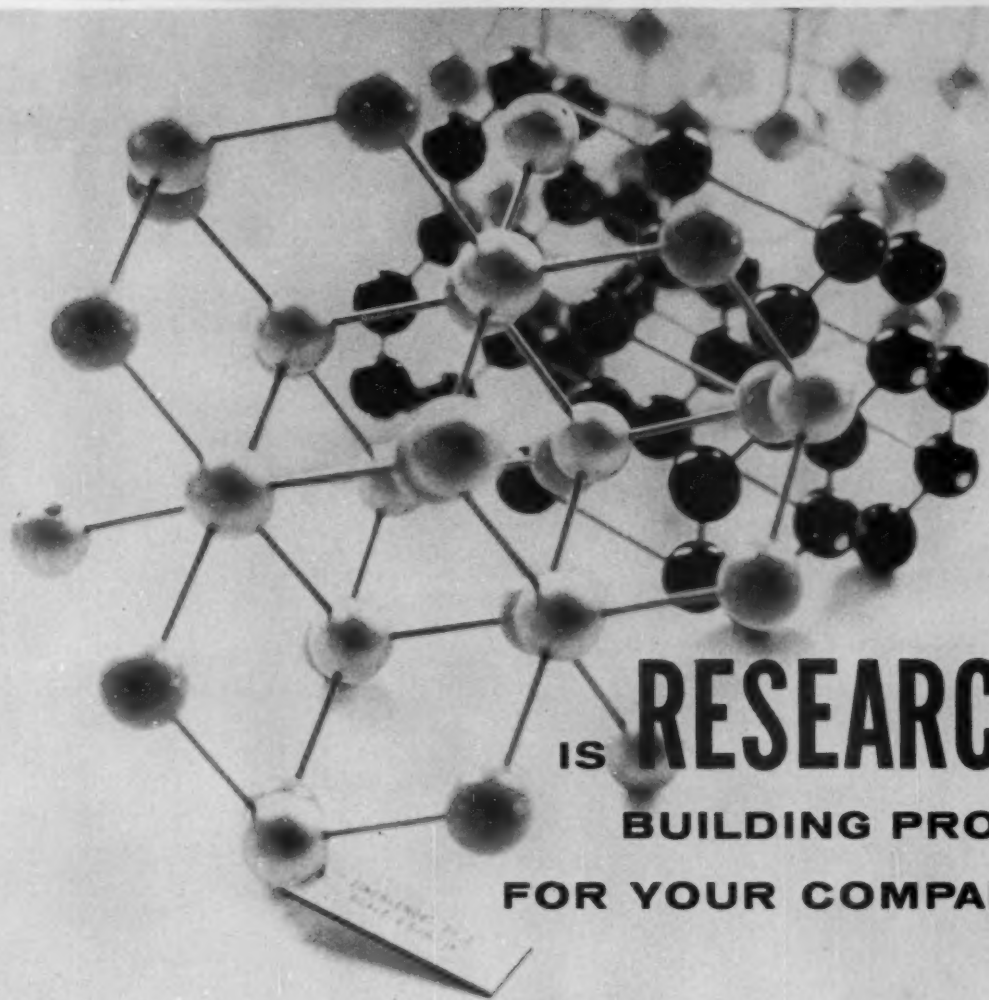
Business Briefs

January business may have been better than you thought. Commerce Dept. reports that sales at all business levels ran \$4.4-billion ahead of the previous January. Book value of inventories rose only \$200-million, seasonally adjusted, during the month.

Studebaker-Packard Corp. reported a \$43.3-million operating loss in 1956, despite an operating profit of \$895,000 in the final two months.

Federal Judge David Pine refused to grant an injunction to Interhandel Corp. (BW—Mar. 2 '57, p. 36) to block U.S. government sale of 75% of the equity in General Aniline & Film Corp., a seized alien property.

For outstanding contribution to development of peaceful atomic energy, Nobel Prize winner Niels Bohr, 71-year-old Danish atomic physicist and teacher, won \$75,000 from Atoms for Peace Awards, Inc. This award is the world's richest scientific prize (Nobel Prize: \$33,000). It is financed by a \$100,000 gift annually from the Ford Motor Co. Fund to trustees headed by Pres. James R. Killian, Jr., of MIT.



IS **RESEARCH** **BUILDING PROFITS** **FOR YOUR COMPANY?**

Industry spends on research an estimated annual \$2.5 billion—almost \$7 million a day. 15,000 companies help pay this bill. Nearly 3,000 laboratories for pure and applied research are maintained by industrial corporations, with chemical, electronic, petroleum, textile and aircraft companies among the pace setters.

This nation-wide research effort promises new sources of power . . . better use of raw materials . . . new materials, metals and synthetics . . . exciting new consumer products. Discoveries are continually creating new markets and even new industries.

RESOURCEFUL BANKING

New marketing opportunities developed by research have financial ramifications that often require resourceful banking assistance.

The Bank of New York may be particularly suited to provide you with such assistance. Our senior officers will work tirelessly to help you shape your financial program so that it meets today's needs comfortably while building a sound foundation for tomorrow's expansion.

THE BANK OF NEW YORK

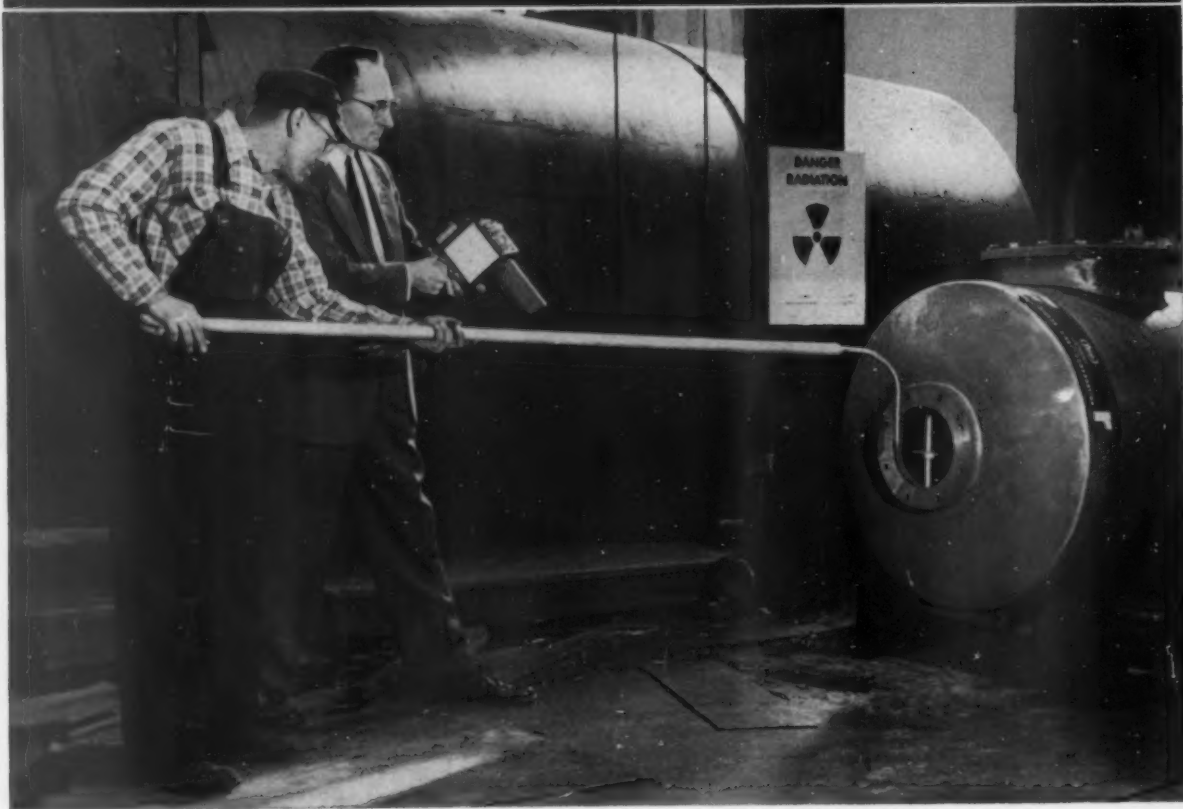
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How Liberty tames the pesky isotope

(PROTECTING WORKERS AGAINST RADIOACTIVITY)



REMOVING DANGER FROM FACTORY AIR is another function of Liberty's Industrial Hygiene service. Thousands of air samples are analyzed yearly to protect policyholders' employees against the health hazards caused by dusts and fumes.



ANY SIZE COMPANY CAN BENEFIT through Liberty's 4-phase medical and health program and dividend policy. In-Plant Medical Service, Industrial Hygiene, Medical Advisory Service and Rehabilitation control losses, help achieve low net cost.

In 1951 there were 134 radioisotope users in industry. Today the figure is estimated at 1,500.

The hazards of radioactivity are not new to Liberty Mutual's radiological safety experts. Long before the atom bomb, they were establishing safeguards for the use of x-rays and radium.

When a Workmen's Compensation policyholder plans to use isotopes in manufacturing, the Liberty health physicist goes to work. He plans procedures, analyzes hazards, develops controls, safeguards personnel.

New safety recommendations are often "hand-tailored" to the particular situation.

This protection is a part of Liberty's Industrial Hygiene service which, in turn, is only one part of Liberty's 4-phase Medical and Health Program that does so much to help reduce your compensation insurance costs.



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WASHINGTON OUTLOOK

WASHINGTON
BUREAU
MAR. 16, 1957



Resentment against high income tax rates is on the rise. It may well furnish the big political issue for the 1958 Congressional elections.

Is a "rebellion" in the making?—That question is being asked again here in Washington. It cropped up over a year ago, when Bracken Lee, ex-governor of Utah, balked at paying his tax bill in protest against foreign aid, and ex-Internal Revenue boss T. Coleman Andrews denounced the income tax and started a third-party movement.

No mass refusal to pay up is anticipated—nothing like the movement in France of holding out on the government. What's considered much more likely is a more organized attack on high spenders and taxers at the polls.

Here's the sort of thing that is going on:

The Andrews forces are reorganizing—under the title of the Interim Committee for Independent Political Action. They will back tax-cut candidates for Congress next year, and will get campaign money from disgruntled voters.

Taxpayers are mailing their shirts to congressmen—a symbolic protest against high taxes. This move started in Missouri.

Then there's the flood of economy letters to Congress. What they reflect is a growing public awareness that the uptrend in spending is postponing the time when tax relief can be voted. And they show a lack of patience with the old argument that the growing economy will provide enough revenue to underwrite (1) more spending, and (2) a tax cut at some indefinite time in the future. What the writers fear is that spending will sop up all the extra tax dollars as they come in.



What's going to be done about the budget? Probably not much, unless public pressure becomes hot enough to force some surprising switches.

Congress talks big about cutting spending. It always does. The plain fact is that Congress has never made much of an economy showing except in the few times when the White House has pointed the way. The recent examples: the start of both Roosevelt's and Eisenhower's first terms.

The White House has no present plans to slash the budget. The initial plan for handling the Democratic House resolution asking where reductions can be made is to submit a list of home-district projects close to congressmen—tossing the ball back to them.

Politics complicates the picture—complicates it in both parties.

Congressional Republicans are in a stew. In view of Pres. Eisenhower's huge popularity last fall, most prefer not to take an anti-Eisenhower record before the voters next year. But they are aware of the rumblings back home, and they are afraid that Eisenhower isn't.

Democrats aren't anxious to force economy, despite their maneuvers. They too are aware of the President's popularity. They know, too, that big cuts in spending programs would bring protests from pressure groups. But in the present popular desire for a spending cut, to clear the way for a tax cut, they also see a situation that might give them a telling issue for next year and 1960. They are well aware that continuation of the present spending trend might put off tax relief for several years, unless it is to be granted at the expense of a balanced budget. They will play for the biggest political advantage.

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
MAR. 16, 1957

Democrats will make still more economy gestures, following up this week's request to the White House for what would amount to a budget revision. They will chip away at the various appropriation bills as they come along. But on the basis of the record to date, savings will be relatively small (page 39). Then there's talk about a budget cutting resolution after the regular money bills have been voted. This would be a joint resolution, which the President could veto, if he wished, ordering an across-the-board percentage cut. There's little more to this, however, than a wish to embarrass the Administration.

Out-parties need emotion-rousing issues to win back the White House. A satisfied electorate seldom "turns the rascals out." Roosevelt won on the depression. Eisenhower won on Communism, corruption, and Korea.

Democrats view the tax issue as a potential winner, even though taxes have never figured much in past election results. The difference, of course, is that many more voters are taxpayers now, and paying more taxes as their income goes up. Every wage increase puts more workers on the tax roll, and means that many at the lower end of the tax-paying scale find their tax payments doubled or even tripled as the government takes its cut. This is broadening the base of dissatisfaction over high taxes. The grumbling no longer comes from just the well-to-do and the rich—a new political factor.

You will see more of a split in the GOP. Conservatives are complaining that Eisenhower and his White House staff are taking over the "welfare state" ideas of the New and Fair Deals.

Nixon will lose some of his support as favorite candidate to hold on to the White House in 1960, since Eisenhower is barred from a third term. He's playing the White House tune, even more than during the first term.

Knowland will benefit from any loss suffered by Nixon. Knowland has the Presidential bug, and bad. He's lining up to the right of the White House on most controversial issues. His backers see him as the man whom party members dissatisfied with Eisenhower policies can rally around.

Changes in industrial mobilization planning are shaping up. The Office of Defense Mobilization has finally decided to go ahead and bring plans into line with the new defense concept of nuclear war.

This means that war orders will go only into plants ready to produce and into those where a switch from civilian to military output can be made immediately. Details of the plan are still secret.

Republicans hope to take over Senate control next month—break the one-vote margin of Democratic control.

The hopes are pinned on Texas, where there will be a special election Apr. 2 to fill the seat of former Sen. Price Daniel, who resigned after being elected governor last fall. There are 24 candidates in the race—23 Democrats and one Republican. A majority is not needed to win. Victory will go to the candidate who gets the most votes—a "sudden death" race. The chance the GOP has is that the many Democratic candidates will split the vote so badly that the Republican will come through. That would create a tie in the Senate, and give Vice-Pres. Nixon the deciding vote.



Illustration Courtesy of PHILIP MORRIS INCORPORATED

9 adhesives protect a cigarette's fine taste

Few people know how freshness—*factory freshness* is preserved in making, packaging and shipping their favorite cigarette.

Adhesives (1) seal cigarette paper, (2) attach cork and filter tips, (3) laminate foil and paper linings, (4) seal paper packs, (5) attach revenue stamps, (6) seal cellophane wraps, (7) form and seal cartons, (8) close shipping cases, (9) attach shipping labels.

These 9 adhesives, which are made from resin, starch, dextrine and casein bases, must fulfill many requirements. They're colorless, tasteless, nontoxic, moisture resistant, nonstaining, heat sealing, high speed, and capable of bonding a wide range of surfaces.

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Alfred E. Johnson

Putting history's biggest "auto show" on the road

New U.S. 40,000-mile superthroughway system gives motoring a new dimension

Washington, D. C.—The big news in highways today—as it will be for some time to come—is (1) the controlled-access throughway, which has been made so pleasantly familiar to the interstate motorist by turnpikes in Florida, Pennsylvania, Ohio and other states; and (2) the Federal-Aid Highway Act of 1956.

With construction work already well underway, this far-reaching legislation will eventually make available some 40,000 miles of controlled-access, toll-free highways in a coast-to-coast super-network.

Maybe 40,000 miles doesn't sound like much when stacked up against the 3,366,000 miles of roads and streets that thread the U. S. (The Act really calls for 41,000 miles, and that too may be increased.)

But, says Alfred E. Johnson, executive secretary of the American Association of State Highway Officials, this controlled-access highway linkage of almost every American city with

a population of 50,000 or more, is perhaps the most important addition to transportation ease and safety in the history of the automobile.

It should greatly increase long distance travel via the so-convenient automobile. Yet a one-third reduction in highway accidents is confidently forecast.

Ends Slowups, Other Hazards

"This program," says Mr. Johnson, "is designed to move traffic. To move it over vast distances with a new, a planned efficiency that may revolutionize motoring. Instead of the slowups constantly encountered on 'conventional' highways and in urban traffic, these new sweeparounds and bypasses will greatly facilitate the flow of motoring.

"It ends the bother of traffic lights, stop signs, slow zones. It practically eliminates the hazards of traffic at intersections. It is expected that this new network will carry 15% of total

U. S. traffic, though it represents only 1.2% of total U. S. road mileage. And it will ultimately carry 20 to 25% of the total traffic!"

There's never been anything like it in all history, as Mr. Johnson points out. Some 900,000 people will work on the project. Some 50 billion dollars will finally be spent on its combination of roads to be newly built and existing roads to be modernized into the gigantic country-wide network. Requirements of materials will be fantastic—of steel alone, some 49 million tons will be used in road building, and millions of additional tons will be used in construction equipment.

A tentative breakdown of the blueprint as it now stands: 7,000 miles of 2-lane highways in isolated areas, plus 7,000 miles of urban expressways either depressed or elevated to speed the pace of through traffic, plus 26,000 miles of multi-lane controlled-access throughways.



A familiar sight, a surveyor and his transit, as initial steps launch the new program.



Hundreds of thousands of people, thousands of machines will help build our new network.



Dual one-way bridges, a modern innovation, make new highways faster, safer.



Steel—more than 49 million tons of it—will be required to complete the road program.



Surfacing operations, as shown here, will be facilitated by modern construction machinery.



When the project is completed, fast, uncongested roads will be yours to enjoy.

The tremendous and continuing gain in automobile ownership (strongly influenced by the increasing trend toward two-car families) is the basis for the prediction that 70 million cars will be using our highways in 1965. This factor and the annual 2% increase in U. S. population have been taken into account by the engineers who are designing the new road network so that on its completion in 1972 it will provide not only for current but future highway needs. They are also taking into consideration the fact that the availability of this super-network will, in itself, produce a substantial increase in motoring traffic.

All of this will further consolidate the automobile's position as an outright necessity with American families—for vacationing, business, pleasure, and the daily routine of living.

National's Role

We at National Steel take pride in the great contribution of the auto-

mobile to the health and prosperity of our people and our nation. Because National Steel, through three of its major divisions—Great Lakes Steel at Detroit, Michigan, Weirton Steel at Weirton, West Virginia, and Hanna Furnace at Buffalo, New York—is an important supplier of the iron and steels, made to the most modern standards, that are used by automobile manufacturers.

Through the skilled engineering and manufacturing of the automobile industry, this nation each year enjoys ever safer, stronger, more economical cars. Our constant goal—through research and cooperation with the automobile industry—is to make better and better steel for still greater safety, strength and economy in the cars and trucks of today and tomorrow.

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Wenner-Gren's \$1-Billion Baby

The Swedish financier has Canadians all excited over what he says he'll do for the British Columbia interior (map).

There's only one question: Can the grandiose \$1-billion plan be put through?

TUCKED into the empty northeast reaches of British Columbia—Canada's westernmost province—is a 40,000-sq. mi. area called by its scattering of residents the Omineca Valley, after an Indian word for "sluggish river country" (map).

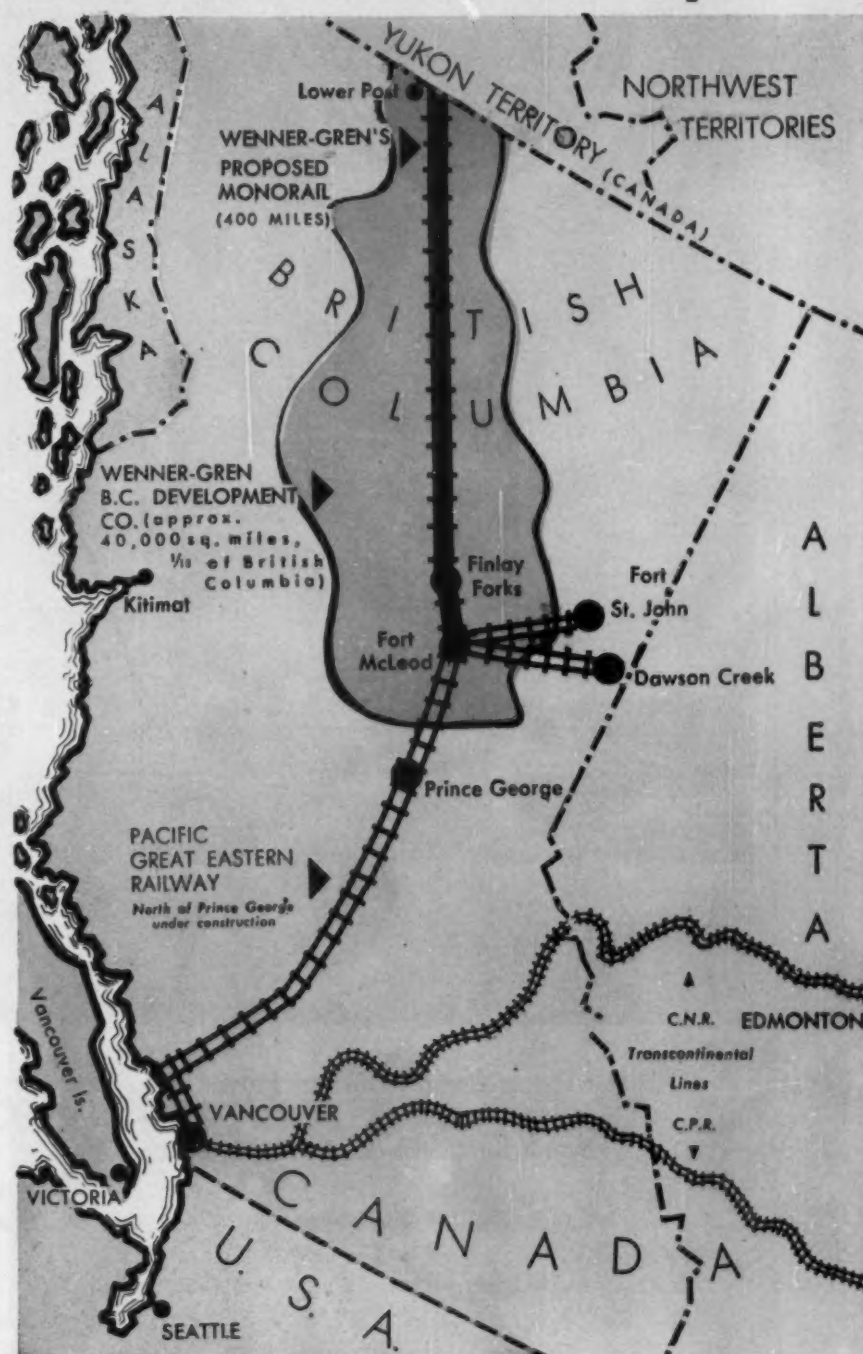
There will be nothing sluggish about the region, though, if Dr. Axel Wenner-Gren, at 75 an almost legendary Swedish financier, has his way. He wants to spend a whopping \$1-billion to develop its still unmeasured natural resources. And the program he has grandly sketched for conquering this "last frontier" includes storybook details such as these:

- A 400-mi. monorail to whiz passengers and freight along through the B.C. wilderness at speeds up to 150 mph.
- A pulp mill with eventual capacity of at least 100,000 tons annually.
- Construction, from scratch, of 10 to 15 whole new towns.
- Development of hydroelectric power, mining, and forest products.
- **Earnest Money**—As proof that he means business, Wenner-Gren has deposited \$500,000 with the B.C. provincial government. It could be forfeited unless \$5-million worth of exhaustive surveys are completed within two years or construction on the monorail is launched by April, 1960. Contracts have been signed with five companies—two Canadian, two Swedish, and one British—to make the surveys. And the Wenner-Gren B.C. Development Co. has been set up to run the whole show. Last week, Wenner-Gren was in Vancouver with associates to meet with provincial officials.

I. A Man With Money

The man who says he will accomplish all these prodigies has been in Canada only twice before—on a cross-country trip in the 1920s and then briefly, in August, 1940, in Vancouver. The idea for the project came up at a cocktail party in London two years ago. Ever since, he has been dickering quietly with the B.C. government.

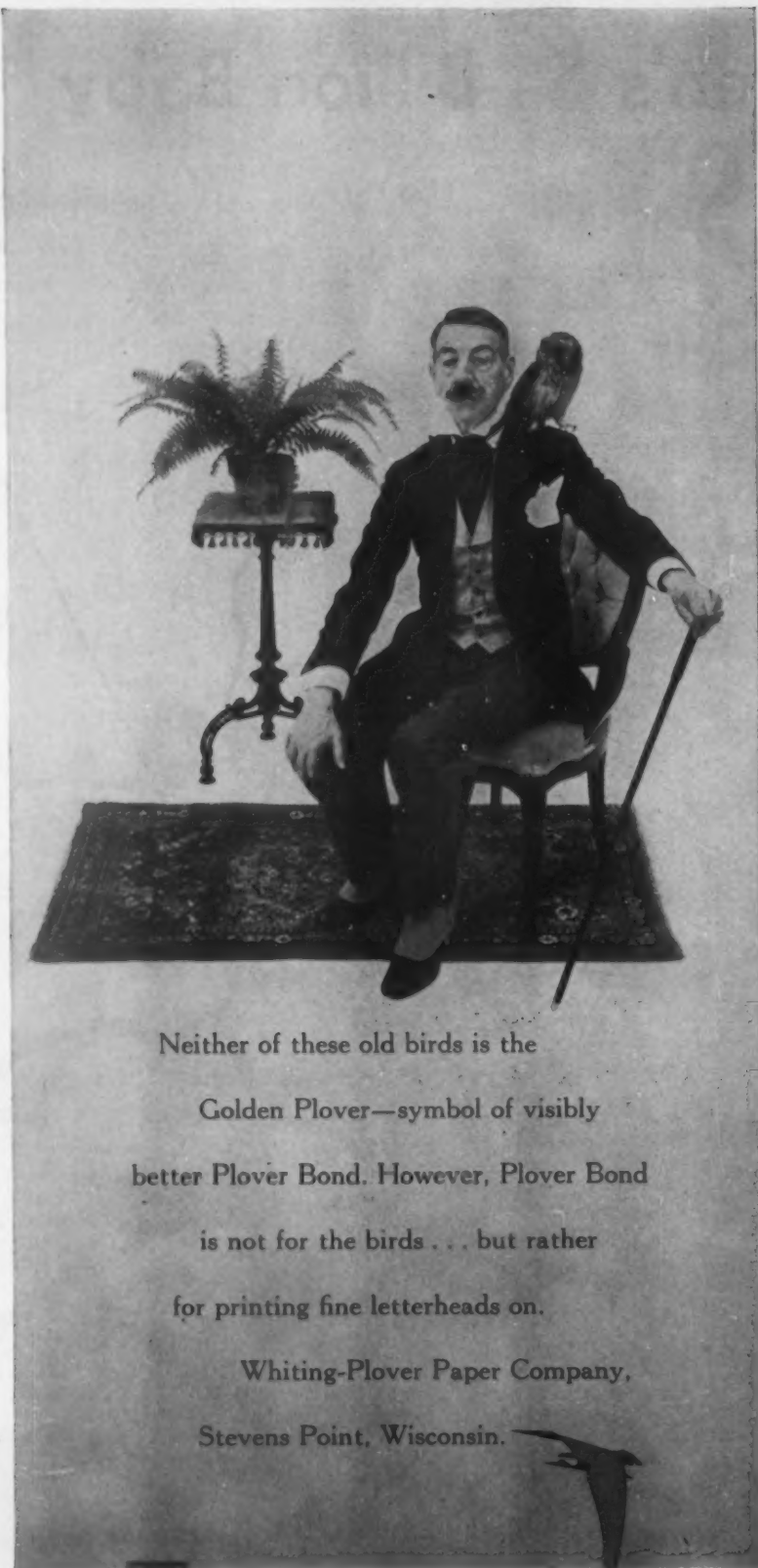
Back in 1952, Wenner-Gren an-



nounced plans for a similar foray, on a smaller scale, into Southern Rhodesia. Through the Capricorn Africa Development Corp., he was going to plow \$5.6-million into development of natural resources—and try the monorail system for transportation. He did spend

\$40,000, and Capricorn still exists on paper, but nothing came of his program. Some of the geological studies proposed by the corporation have since been independently undertaken, however—reportedly with much success.

• **No Pauper**—Whatever the outcome



Neither of these old birds is the

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better Plover Bond. However, Plover Bond

is not for the birds . . . but rather

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of the Rhodesian venture, Wenner-Gren is no lightweight. Informed financial circles generally assess his personal fortune at some \$100-million—and there have been estimates much higher. The most lucrative source is probably still the Electrolux Co. (vacuum cleaners, refrigerators, and so on), with which Wenner-Gren made his bow into big business in 1919. He held controlling interest in the business until recently. Even now, he's the biggest single shareholder.

The rest of the Wenner-Gren empire includes:

- Sweden—A milk production company, a reputed 68% of the flour milling industry, a computer company, and the Alweg RR Co.

- Germany—A 42% interest in the big Bochumer Verein steel works in the Ruhr. This acquisition was financed partly by his sale of the Mexican telephone system, just before a major devaluation of Mexico's peso.

- Mexico—Large land holdings and Lacheria Nacional, which does a big business in reprocessing imported dry milk.

- Venezuela—Flour mills and land.

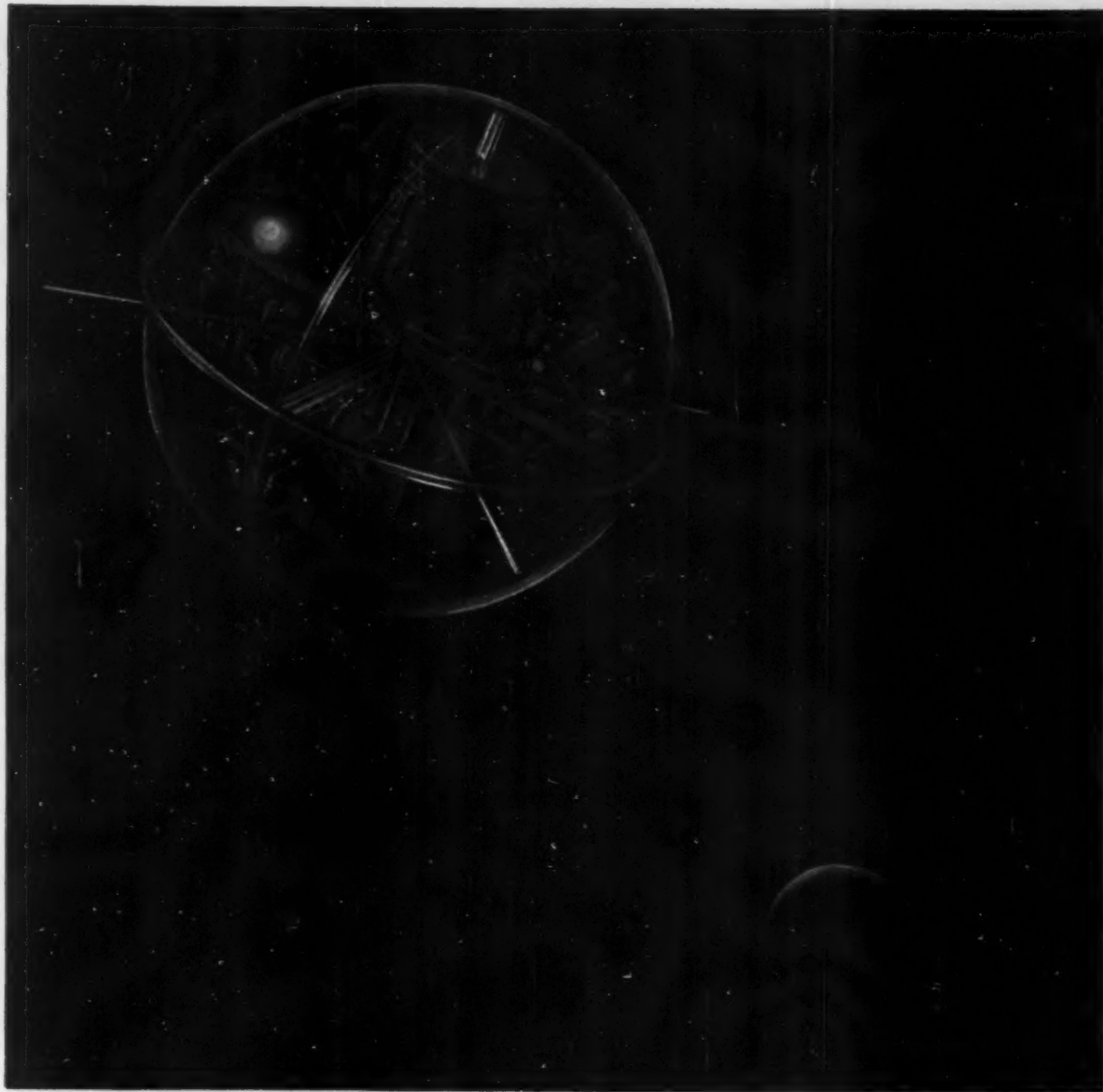
- Nassau—Land holdings.

- U.S.—Logistics Research, Inc., in the Los Angeles area, which has designed electronic business machines for manufacture in Sweden.

- **Public Opinion**—In all this, Wenner-Gren has acquired a reputation for scenting the business of the future (the vacuum cleaner, the refrigerator, and now—perhaps—the monorail). But, says one observer who has been close to Wenner-Gren ventures: "He has a tendency to make spectacular announcements and to talk big. In the past, a number of prominent people have felt quite let down with the results of some of his financial daydreaming."

Recently, philanthropy has been intriguing the childless Wenner-Gren. He is the angel for various sociological and scientific endowments, including the Wenner-Gren Foundation for Anthropological Research, originated as the Viking Fund in the U.S. in 1941, and the Wenner-Gren Institute for Experimental Biology at the University of Stockholm. All told, the foundations doled out \$9-million in grants last year. And among his latest charities was a gift of \$20-million to Stockholm for establishment of an international research center, on the order of Princeton's Institute of Advanced Studies.

Apparently, what Wenner-Gren proposes to do is to sink his capital into some long-range project—such as the B. C. scheme—that will be a rich source of future income for the humanitarian programs perpetuating his name. They will get the profits; he will foot the \$5-million B. C. survey bill and "supply



Putting a voice in the man-made moon

America's first man-made satellite will soon be launched into outer space where, traveling in its own orbit, it will circle the earth.

Deep inside will be sensitive electronic instruments which will "observe" cosmic activity and "report" findings back to us. Scientists believe that many a mystery of the universe may thus be solved.

Without electrical insulation of exceptional qualities, such as CDF supplies, the equipment inside these man-made moons could never operate.

But producing top-quality insulation for electronic wonders is just one of the exciting things going on

today at CDF. Vital electrical parts for automobiles, aircraft, guided missiles—these are also being made better at CDF. As a subsidiary of the Budd Company, CDF is ever widening its field of operations.

Under Budd management, CDF products are better than ever . . . and with CDF can-do, your products will be better than ever. Drop us a line to start the ball rolling.



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SEVEN SUPERIOR "FLUIDIZERS" are handling bulk materials in-process at General Mills' new breakfast cereal plant in Toledo, Ohio. Carefully planned to fit into the company's modernization program, the "FLUIDIZER" systems handle milk solids, cocoa powder, oat flour, corn cones, blends and other ingredients. Fed from screw conveyors and ribbon mixers, the "FLUIDIZERS" convey the materials throughout the processing systems via 1½", 2", and 3" tubes. The "FLUIDIZER" is paying off at General Mills in improved sanitation, continuous processing, more efficient production.

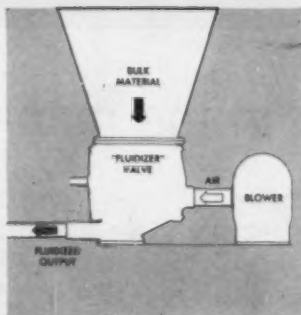
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These, and many more have been successfully fluidized. Call or write for further information on the Superior "FLUIDIZER," its advantages and application to your bulk handling problems.

THE VERSATILE "FLUIDIZER" SYSTEM consists basically of the "FLUIDIZER" valve, source of air and conveying line. It is available in a wide range of unit sizes from a simple assembled package to a completely engineered system with switching stations, remote and automatic flow diverters, pressure switches, and many other Superior accessories and services.

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other so-called risk money." Outside capital from the U.S., Canada, or elsewhere will be welcome later, he says.

II. Uncrowded Land

The wilderness that may become Wenner-Gren's billion-dollar baby has changed little since the days of the fur trappers. Geographers know it as the Rocky Mountain Trench, cradled between the Rockies and the rugged Coast Range.

In the 1870s, a gold rush briefly enlivened the creeks north of Prince George, the gateway to the Omineca country. Prince George (pop., 4,500) is the junction of the province-owned Pacific Great Eastern Ry. from Vancouver, now pushing its tracks on to Dawson Creek and Fort St. John, with the Canadian National's Jasper-Prince Rupert line. But it's still a far cry from up-to-the-minute Vancouver—which, with 500,000 persons in its metropolitan area, contains more than half the B.C. populace.

• **Explorers**—As soon as winter relents, surveyors will begin charting the area's resources. According to Bernard G. Gore, managing director of the Wenner-Gren B.C. Development Co., the assignments have gone to:

- British Thomson-Houston Co., London (hydroelectric power).
- Lundberg Explorations, Ltd., Toronto (minerals).
- Rankin & Co., Toronto (pulp and paper).
- The Alweg Co., Stockholm (monorail).

The B.C. government surveyed the region from the air several years ago, but these companies will be the first to do so in any detail on the ground. The investigation, it's expected, will take 18 to 24 months to complete.

• **Futurist**—Certainly the most sensational aspect of the plans is the monorail project. Wenner-Gren, a champion of this method of transportation, has built a model on 40% scale in Cologne, Germany, where his Alweg Forschung Co. plans to begin running a full-size model next month. The rubber-tired train rides atop a single concrete rail supported by reinforced concrete pylons; auxiliary wheels running on the side of the rail hold the cars upright. It's supposed to be capable of speeds up to 150 mph. and of surmounting grades as steep as 15%.

Except for the Cologne experiments, the Wenner-Gren brand of monorail isn't in business anywhere yet. The system has been much discussed—notably in connection with the transit problems of sprawling Los Angeles—but it's passed the talking stage only in Sao Paulo, Brazil, where an Alweg bid to build a 60-mi. municipal monorail line has been accepted. But, with the contract



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still unsigned, the project has bogged down in local politics.

Wenner-Gren's proposal in British Columbia is for a 400-mi. route to link Ft. McLeod, north of Prince George, with the Yukon border—an area surveyed during World War II by the U.S. for a rail link to Alaska. Says Gore: "At first it will be a one-way line with spur lines and siding. . . . A two-way line . . . will follow. Freight cars would travel the 400-mi. distance in 2½ hours." The power could be either diesel or electric.

As for the cost, Wenner-Gren says: "I don't like to mention amounts, but the monorail may cost up to \$100-million."

• **Partners**—The first announcement of the whole elaborate program came jointly from Wenner-Gren and W. A. C. Bennett, Premier of British Columbia's Social Credit government. Bennett—who jumped from Conservative ranks to head the Social Crediters when they came to power in 1952—looks on the scheme as the best deal in B.C. history. No provincial government, he maintains, could ever afford the investment on its own. But he isn't exactly without critics.

Some object to the partnership with Wenner-Gren simply because he's a foreigner. Others are more specific. "Wenner-Gren is a bad character. . . . I don't like what he stands for. I doubt the deal is in the best interests of B.C.," says George Gregory, a Victoria Liberal and B.C. legislator.

There's also an attack on Einar Gunderson, Bennett's one-time finance minister, for becoming a director of the Wenner-Gren B.C. Development Co. while he was still in government employ. And the manager of the B. C. Yukon Chamber of Commerce has asked why established Canadian companies weren't consulted on the project.

Consolidated Mining & Smelting Co. of Trail, B. C., one of Canada's top three mineral producers, has been staking claims in the Rocky Mountain Trench since 1920. It may already have tied up rights to many of the deposits Wenner-Gren wants.

• **Advantage**—On Bennett's side, however, is the fact that under his leadership the Pacific Great Eastern was finally extended into Vancouver, after 44 years on the way. Now he's generated even more excitement with the Wenner-Gren venture.

Skeptics might find some comfort in this estimate of Wenner-Gren from a Swedish diplomat in London: "He's a man with queer ideas and occasional good ideas. But he can't be looked upon as a swindler, and he's never had a reputation for being a crook." And in the B. C. case, at any rate, he has already gambled \$500,000 that the idea, this time, is a good one. **END**



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BY O.SOGLOW



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In Canada

Record Flood of Foreign Capital

Inundated Canada in 1956

Canada's foreign indebtedness rose to an unprecedented level in 1956 in the wake of the greatest inflow of investment capital in the country's history. The net foreign debt jumped from \$7.7-billion at the end of 1955 to \$8.7-billion at the end of 1956.

The net inflow of foreign capital to Canada through international trade in stocks and bonds came to \$763-million, Canada's Bureau of Statistics reports. This is a sharp reversal from the previous year, when Canadian investments outside the country exceeded capital imports by \$50-million. The 1956 figure also is more than double the previous record for net capital inflow set in 1950.

Of the \$763-million, \$480-million came through trading in bonds, \$270-million in stocks, and \$13-million through sale of foreign securities transacted in Canada.

The biggest buyer of Canadian securities was the United States. Net flow of American capital to Canada in 1956 was \$518-million. This contrasts with the investment situation in 1955, when the balance was \$83-million in Canada's credit. Last year's rush of American dollars to Canada is responsible for the 4½% premium on Canadian dollars today in relation to the U.S. dollar.

A striking development in Canada's investment picture in 1956 was the increased outpouring of capital from countries other than the U.S. Investment from overseas totaled \$245-million, compared to previous high of \$48-million in 1954, and \$33-million in '55.

Total foreign investment in Canada now is edging toward \$15-billion, following a record rise of \$1.2-billion in 1956. Of this, the U.S. holds about \$11-billion.

International Harvester of Canada

Opens Double-Barrelled Sales Drive

International Harvester Co. of Canada, Hamilton, Ont., wholly owned subsidiary of the U.S. company, has launched a twofold program aimed at augmenting its domestic sales and opening up markets overseas for its agricultural implements.

• In a drive to capture the Canadian small farm market, the company has signed a contract with International Harvester of Great Britain (also a subsidiary of the U.S. concern) for import of small diesel tractors. These will be sold in Canada only. Yearly deliveries are expected to run into several million dollars. A shipload of 1,000 of these tractors, valued at \$2.5-million, is due at Hamilton shortly. The Canadian company is spending \$1-million to expand dock facilities to handle future shipments.

• International Harvester of Canada plans to manufacture implements to be used with the small British tractors, which call for mounted and semi-mounted equipment that's of lighter weight and costs less than standard tractor equipment. The new equipment will be sold for use on British tractors bought by Canadians. In addition, the company hopes to sell the equipment in new overseas markets in such countries as South Africa, South America, and Mexico. These countries have tended to buy the British tractors because of exchange problems. But no suitable equipment has been available for use with them.



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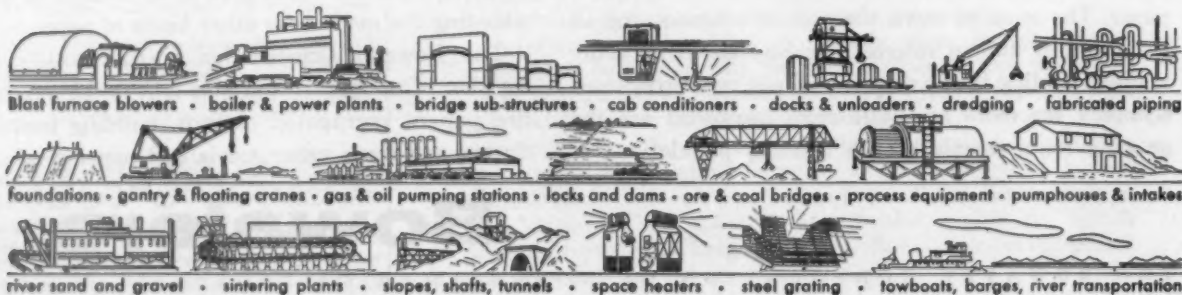
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George really pulled a blooper this time. He hung his scooter on the boss' book.

Parking Lots Eat Up Plant Sites

As more and more Americans drive their own cars to work, many businesses are having to curtail expansion, or move out to the farmlands to find additional facilities for employees who can't—or won't—travel by public transport.

The scooter on the coat rack is entirely a possibility, unless industry finds some way out of an impasse developing because an irresistible force is running headlong into an immovable object. The irresistible force is the mounting horde of employees who drive to work. The immovable object is the lack of parking space for the cars.

For management, the situation ranges anywhere from a mild nuisance to a matter of sheer survival. But the consensus is that it can no longer be ignored.

• **Three Factors**—The problem has its roots in three main factors. The first is simple. Despite industry's move to suburbs and even to farmland in the trend to expansion and decentralization, probably over 90% of the nation's plants operate within built-up urban areas. Adjacent land usually is not

available, or it's too expensive to warrant anything less than a multistory building.

The second factor is equally simple. The number of cars in use is zooming. From 27-million in 1940, the total climbed to 40-million in 1950, to an estimated 57-million by the end of this year, and is heading for 80-million in 1967.

The third factor is more complex. It can perhaps be capsuled in an experience of one Cleveland company. Five employees live on the same block; all work the same shift. The company requested the five to pool their travel. One refused because he "wanted to keep the car out of his wife's hands." The others preferred to drive their own cars back and forth. So the company must supply five parking spaces for them.

• **More and More**—Certainly there is

a growing trend for employees—both industrial and white collar—to drive to work. The reasons given are many: prosperity, more two-car families, inadequate public transportation, even the simple desire to get some use out of an owned car. Work-use varies tremendously from Los Angeles, where an estimated 98% of workers come to work in private cars, to Manhattan, where less than 2% brave the traffic-choked streets.

But across the nation, according to a BUSINESS WEEK survey, almost half of all industrial employees now drive to work—most of them by themselves. Density per car has dropped from the 4.5 passengers per car of wartime days to about 1.5. In Houston, for instance, Reed Roller Bit Co. has decreased its payroll in the past 10 years, but the number of cars on its lots has more than doubled.

• **Company Expansion**—At the same time that companies have been expanding their payrolls, their own physical expansion has gobbled up vacant land, and similar expansions by neighbors have hemmed them in. And, although



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many companies are building out in the hinterlands, many have continued operations of their older plants. For every company that picks itself up bodily for a move to open country, scores of others find it impossible or impractical to shift their main operations.

• **Fringe Benefit**—To complicate the situation, employees tend more and more to regard parking as a fringe benefit, and in some cases demand it as a right. For example, San Francisco longshoremen—who have 468 special parking meters set aside for them along the shore at \$1 a month, but who are frequently blocked off by casual parkers—threatened to stop work if the parking situation were not improved.

Several companies report that engineers insist on “guaranteed and convenient” parking space before they sign up. And more and more union bargaining demands include provisions for better parking.

• **The Picture**—Last week, BUSINESS WEEK checked companies across the country to learn how they are facing the problem. Here's what turns up:

• Most are in a squeeze. The commonest excuse for lateness is “I couldn't find a place to park,” and few companies feel they can crack down as a result.

• The use of car pools is steadily declining, despite company efforts to promote them.

• Lack of parking facilities is frequently a deciding factor in getting personnel.

• Solutions are piecemeal and in most cases inadequate and expensive—in some cases costing as high as \$500 per car, exclusive of maintenance.

• Parking problems are not only speeding decentralization generally, but are rapidly choking off integrated plants of any size.

• **One Solution**—For those companies that can do so, the simplest solution is to move, and make allowance for enough parking space. One company—Pittsburgh-Des Moines Steel Co. of Des Moines—learned that the hard way. The company has a constant squeeze at its old plant within the city. Now it's building a new plant about four miles out. One of the first things it did was to put in space for 600 cars, theoretically enough for 1,000 employees—although the company has only 600 in both plants.

Similarly, Flick-Reedy Corp., Chicago air-cylinder maker, which moved to the suburbs entirely because of its parking problem, is setting up enough space for the maximum employment it expects to have in four years. At a new Lincoln Div. plant of Ford Motor Co. in the Detroit area, the company surveyed every planned and prospective employee as to whether he would be driving. As a result, the new plant will

have space for at least 3,600 cars for the 5,000 peak employment expected.

Planning doesn't always work out, however. A Boston company opened a new plant in 1954 with what it thought was enough parking space. It had expected 75% of its employees to come by public transport. On the first day, all but a handful drove—and the company has been leasing adjacent land ever since.

A new Sears, Roebuck store outside New Orleans is having trouble. Its customer parking space was ambitious, but employees of the store and of other retail shops in the center got in ahead of the customers.

• **Ostrich Attitude**—The most common solution for companies that have to stay in congested areas is just to ignore the whole thing. Some make no provision for parking. According to the manager at a Northeastern plant, "They've always come by bus. They can keep coming by bus." But he's annoyed that the half-dozen curbside spaces that traditionally had been filled by his top officials are often grabbed by workers of neighboring companies.

Many companies with limited parking facilities reserve them for the brass. At other plants, even where facilities are being expanded, who gets what gets troublesome. At Stromberg-Carlson, in Rochester, spaces are allocated by rank, and the grounds are policed to enforce the ruling. At Leeds & Northrup in Philadelphia, employees are assigned strictly on a seniority basis—regardless of rank. But at its new plant in North Wales, it's first come, first served.

• **Other Answers**—For most in-town companies, the problem usually is lack of land at any price, so most of them are scrambling for other answers.

One big Midwestern steel company owns some nearby swamp, which it's filling with slag from his own plant to develop into a parking area. Hughes Tool Co. in Houston bought and leveled four blocks of adjacent residential properties. A Cleveland company picked up a saloon and a coal yard for the same purpose. The McCormick Tractor Works in Chicago bought and demolished the neighboring Kimball Piano factory.

This expedient, however, works only in the comparatively rare cases where decrepit or abandoned buildings are nearby. In cities such as Chicago, where the parking problem is even more exaggerated, management is taking a different tack. Motorola, Inc., for one, is building a block-square parking deck for 700 cars.

Danly Machine Specialties, Inc., which is adding a wing to its present plant, is using extra-heavy structurals to support 250 cars on the roof. The bill comes to about \$600 per car.

Sears, Roebuck, with a \$100-million



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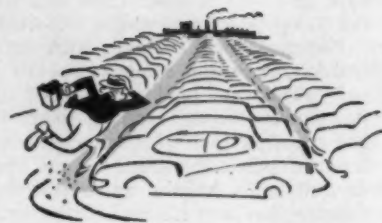
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investment in its Chicago plant, decided three years ago to stay where it was. It had to put \$5-million into improving facilities for movement, including parking.

Some companies are considering decking over all their existing lots, figuring that even with the high cost of construction, total costs would be no greater than for more land plus paving, fencing, and lighting.

Aluminum Co. of America's research center in New Kensington, Pa., must be expanded, and Alcoa is mulling over a choice between building underground parking there, or starting the whole center from scratch somewhere else.

Union Oil Co. of California in Los Angeles has already gone underground. Its new 13-story, \$20-million office building has subterranean parking space for 1,500 cars.

• **Persuasion**—Where neither more land nor more construction will ease the pressure, companies are trying persuasion. One big metals company is considering the drastic step of forbidding use of the lots to employees within "reasonable walking distance." "Some of our people," says a company spokesman, "will walk further from their cars to the gate, than from their homes."

North American Aviation, Inc., on the West Coast is dangling a carrot in front of the pool idea. Cars with four or more riders get preferred, close-in space. Solitary drivers are waved to the far ends. At its Rocketdyne division in Canoga, North American sets aside a special lot for small cars. By limiting one lot to the smaller cars, it can get more in.

Car sizes complicate the picture. Longer bodies and hightail fins alone are creating a new headache. An official of a Midwestern company reports: "Because of damaged tail fins, insurance rates on our parking lots went up 30% this year." And because bigger cars need more space, this company has had to lease 10% more land to handle the same number of cars it parked two years ago.

• **Strained Relations**—Even the few companies that have adequate physical space have their share of problems. A big Cleveland company has enough



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space—70 acres. But the race for positions near plant entrances, and congestion at shift changes is causing a high accident rate. In many such places, it's necessary to keep parking areas fenced, flood-lit, and patrolled constantly to reduce theft and vandalism.

This rising flood of cars is putting a strain on community relations. Streets near any plant are jammed, even when lot space is available. Drivers prefer to park in streets nearer the gates rather than walk up to half a mile from the reaches of the company lots. And the congestion caused almost everywhere with hundreds and thousands of cars suddenly swarming onto an already crowded highway is a nightmare to traffic officers. In Toronto, A. V. Roe, Ltd., whose 13,000 employees bring in about 6,000 cars, gets a monthly statement from Trans-Canada Airlines of the number of flights missed by its limousines because they were unable to get through the jams created at Roe's gates.

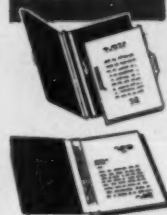
• **More Planning**—For new plants going up, parking space is now of necessity included. That's partly due to employee pressure, partly due to the fact that many areas—such as the new industrial centers around Boston—require a 2-to-1 ratio of unoccupied area to building area. But the myriads of autos seem to be choking off what had once seemed the industrial development of the future—the low, rambling, completely integrated plant. The bigger the plant, the greater the problem of parking with reasonably close access to work station. While there has been no serious agitation so far for car-to-station pay—like the miner's portal-to-portal—the idea comes up on occasion.

• **Dispersal**—So more and more, there's talk of dispersal. An official of Beckman Instruments says that one of the company's divisions is located in an area that recently was "country," but is now building up. If that division grows as the company expects, it will have to build other facilities elsewhere, rather than try to buy additional land for parking there.

In San Diego, the Convair Div. of General Dynamics Corp. has boosted its payrolls in 18 months from 23,000 to 40,000. It has leased all the space it could find for parking, but space is still at a premium. The parking problem was one reason for Convair's new \$40-million plant on the outskirts of the town. It owned enough land for the additional facilities in town, but needed it all for parking—not counting the additional space it would need for additional workers going to the new plant. One answer has been dispersal. The company has been leasing buildings all around the city—as long as they got space for cars. **END**



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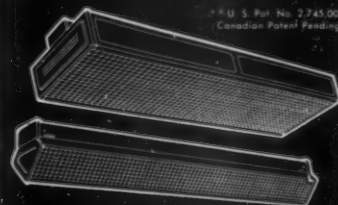
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In 2000 A.D.

Business will have new opportunities but a lot of adjustments to make, say speakers at Wharton School.

Business in the year 2000 was pictured by a panel of speakers—two businessmen and two professors—at the 75th anniversary of the University of Pennsylvania's Wharton School of Finance & Commerce, oldest collegiate business school in the country.

- **Atomic Electricity**—The audience of 500 businessmen heard Vice-Pres. Charles H. Weaver of Westinghouse Electric Corp. predict that electric power consumption will increase sevenfold between now and 2000. Most of the power will come from nuclear sources, said Weaver, without going through the steam-turbine stage as at present. He added that reactors will be simpler in design and that power will be cheaper than from present fuels.

- **Marketing**—Dr. Reavis Cox, a Wharton professor of marketing, foresaw a multitude of new goods and services. The shortening of the work week will create more leisure time, which will be both an opportunity and a problem.

Some businesses that are geared to a grow-or-die philosophy are going to have to change their ways, Dr. Cox warned, as the economy is stabilized by the physical limits of nature.

- **New Products**—Pres. H. J. Rand of Rand Development Corp. of Cleveland assured his audience that there will be plenty of new business opportunities. He spoke of laboratory development of whole new families of materials.

The sea, he said, will be mined for materials for thermonuclear material and other new products; the sea will be farmed for foods, such as algae. Farming on land, he added, will be so mechanized that computers and machinery will do the programming as well as the work of planting and harvesting.

- **Business & Politics**—Whether or not we attain the greatest material well-being in the history of the world depends on our political wisdom, said D. W. Brogan, professor of political science at Cambridge University, England. The job of the next generation, he said, will be to graft democratic political realism on business, and business competence on government.

Government must adapt itself, too, he said. If Congress, for example, refuses to change its ways, he predicted, "it may survive only to ratify decisions taken elsewhere and to squabble over petty issues in an age calling for greatness." **END**

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You will be dollars ahead every day by using America's most modern, most versatile floor machines . . . the American Floor-King and all purpose American Vac-King in any size to fit your requirements. See your local sanitary supply dealer or write for Bulletin No. 107.

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When Charity Drives Collide

● Industry turns to United Fund, with its one big campaigning, to reduce lost time and boost efficiency.

● In Pittsburgh, UF's maiden effort got massive company support, and went way over its goal.

● But the independent Heart Drive, coming later, found corporate doors closed, and returns poor.

In Pittsburgh last fall a buoyant United Fund drive for local and national charities shot way above its goal, boosted by tremendous support from industry.

Two weeks ago, in the same city, a dispirited Heart Drive petered to its end, with the take apparently running about 25% below recent years. Heart had determined to go it alone in its collecting, and when the United Fund included it anyway, Heart rejected its \$175,000 share—which is just about what it cleared last year after expenses and now it looks to a \$130,000-or-less net take.

Behind this Pittsburgh story lies the determination of corporate management in many cities to bring some order into the swarm of organized charities constantly beating at company doors. Behind it also lies the determination of many individual charities to stay out from under the United Fund tent.

• **More and More**—For years the number of separate charitable drives has been increasing. In Pittsburgh last year, with the United Fund coming along only toward the end, there was a major drive in every month but July and August. Industry recognized that its support was absolutely essential to fund raising. But it was worried by the tremendous expenditure of time, effort, and money in these over-and-over-again drives. For employees, there was the nagging of many importunities, however worthy the causes.

As far back as 1949, business tried the solution of the United Fund, with a Detroit drive piloted by Henry Ford II and UAW's Walter Reuther. The removal of inconvenience wasn't the only advantage seen. The sponsors felt that with a single drive great pressure could be generated, bringing more enthusiasm and a collective take bigger than the sum of the individual drives. At the same time, the individual charity would escape the heavy costs of its own solo promotion.

• **Mobilization**—The Pittsburgh UF drive gave a good example of how it worked. The city launched a formidable effort for its first drive, with Clifford J.

Hood, president of U.S. Steel, leading the original group of a score of industrial leaders. The United Fund was set up, with Allegheny Ludlum Steel's president, E. J. Hanley, as fund president. Fred C. Foy, president of Koppers Co., took the chairmanship of the drive, with an impressive array of business and civic leaders to back him up.

Companies gave tremendous time and energy. At least two-thirds of the more than 36,000 volunteer workers were employees doing the job on company time. Eleven executives spent 3,644 hours at UF headquarters. One man spent seven weeks turning out radio scripts and spot announcements; his company continued his salary throughout. Moreover, the majority of companies boosted their own gifts by 70% to 100% above what they had given the year before to the Community Chest, a local collective effort now under the UF tent.

This massive effort took aim at a target of \$8,875,000; by October its cash and pledges had topped \$10-million. Not since wartime 1944 had any other charitable drive in Pittsburgh even reached its goal.

• **Resistance**—The Pittsburgh triumph illustrates why the United Fund idea has gone over with a whoosh, spreading to 600 cities. But the shoddy results of the Heart Drive that followed it show another aspect—the stubborn determination of many individual charities to retain their cherished independence, and their well-entrenched professional promotion staffs.

The independents generally find that, in a city where UF is accepted, most company doors will be closed to intensive solicitation by anyone else. This attitude is pretty well imbedded in the UF rules, under which companies agree that:

• Their corporate gift to UF will be their only gift of the year to any charitable agency eligible for UF.

• They will allow only one solicitation of employees per year, and that one for UF.

• They will set up a payroll deduction system to spread employee gifts

over the whole year. The goal: one hour's pay per month per employee.

• Management personnel will be encouraged to set the gift pace. Suggested suitable donations are: \$282 for a \$15,000-a-year man; \$364 at \$20,000 a year.

• They will provide management personnel and workers to handle the drive, and company time to acquaint the whole staff with its aims. No personnel, on company time, will be provided for any drive other than UF.

• All proceeds will be sent directly to UF for distribution to the affiliated agencies.

These rules can put local crimps in the drives of such determined independents as the Heart, Cancer, Polio, TB, and Muscular Dystrophy drives. All were originally invited to join UF and refused; UF says the door is being kept open.

• **Squabble**—In Pittsburgh, there is quite a squabble between UF and the Heart group, which was threatened with expulsion by the National Heart Assn. if it did join UF. Banned from joining, Heart suggested a live-and-let-live deal for this year, with further dickering later. And it asked UF not to include Heart in its list of agencies. UF included Heart in its list, hoping it would eventually join in, and earmarked \$175,000 as its share. Heart refused the check, then charged that UF was punishing it in "unethical" fashion, and seeking to thwart its drive. Heart said that UF's tactics were so dictatorial that it would be afraid to affiliate, even if it could.

As for the National Heart Assn., it forbade its chapters to join UF a year and a half ago, and offered to help any chapters that had joined to disengage themselves. Since then, over 100 chapters have left UF; a few others have joined UF and been expelled by NHA.

• **Objections**—The National Heart Assn., and other big agencies that shun UF, argue that they lose their identities in the collective drives, and that this imperils the educational work they have already done to bolster their solicitation. What's more, they object to the idea that communities can review their budgets and, potentially, interfere with their programs.

In Pittsburgh, the local Heart contingent says it will do much better in its drive next year, while UF will fall off a bit, once its initial crusading zip is gone. But UF supporters wonder just what the independents will do for campaign leadership, since UF rules will tend to eliminate all the top industrialists. **END**



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Start each trip with a call to your local Avis office. Arrange to have a personal car waiting for you at every city you visit. Go first class... *all the way*.

In Management

SEC Draws Cards as Proxy Fight

Cooks Up at Union Electric Co.

A proxy fight seems to be developing at Union Electric Co., supplier of power to St. Louis and other communities in Missouri, Illinois, and Iowa. J. Raymond Dyer, a St. Louis attorney, has been criticizing management for the handling of a \$35,000 legal fee that ended up in a secret bank account of former Illinois State Auditor Orville Hodge, now serving a jail term for theft of state funds. The payment is currently under investigation by the Securities & Exchange Commission.

Because Union Electric comes under the Public Utility Holding Company Act, SEC has invoked a seldom-used rule that empowers the commission to hold hearings on all proxy solicitation material before it is sent out, and to ban its distribution. (In a proxy fight in an industrial concern, all solicitation to stockholders must be filed with SEC, but hearings are not held.)

A notice of the order has been served on both Dyer and Union Electric. The company has already filed its declaration to solicit proxies.

Alaska Juneau's Diversification

Moves a Step, but Snags May Emerge

Stockholders have cleared the way for the next step in Alaska Juneau's diversification program. The company in 1944 suspended mining of its Alaska gold-silver-lead properties, and drew revenue mainly from the sale of electric power. Then last fall, it bought Reynolds Mfg. Co., Springfield (Mo.) maker of frame assemblies for trucks, buses, and tractors. This was after a group of Los Angeles dissident stockholders, led by Pres. Charles J. Ver Halen, Jr., won control of the company.

At a special meeting, stockholders O.K.'d an increase in the company's authorized stock from 1.5-million shares to 7.5-million, and a decrease in the par value of the common outstanding from \$10 to \$2.

Alaska Juneau is now negotiating to buy Detroit Kellering Co., producer of large castings for the aircraft industry. Frederick W. Richmond, director of industrial acquisitions for the company, is handling the deal.

But a fight still may develop before the annual meeting on May 23. Herbert Braasch, a New York stockholder who opposed adoption of the proposals, says he will solicit proxies for election to the board.

General Tire Studies Plan

For Recapitalizing A. M. Byers

General Tire & Rubber Co. has new plans for A. M. Byers Co., although their so-far-unsuccessful search for a buyer for part of the wrought iron pipe maker goes on.

Byers has asked stockholders to O.K. a recapitalization program, and, since General Tire owns 75% of the outstanding common and 40% of the preferred, the proposal is sure to be endorsed at the special May 7 meeting.

The program includes the creation of 100,000 shares of a new class of preferred, an increase of authorized common, and an upping of the debt limit. The main point of the plan is a stock split that would deliver three shares of \$3 par common for each share of no-par common now held. General Tire is considering making acquisitions through Byers, and feels it needs the stock split to have enough stock available with which to bargain. At present, there are about 265,000 shares of common outstanding, in the hands of some 550 holders.

General Tire, meanwhile, has recommended to stockholders a change in its own capitalization. The proposal is to cut six General Tire preferred issues down to two: a 5½% cumulative and a \$5 cumulative. The remaining preferred issue, a 4½% convertible cumulative, would be unchanged. General Tire Pres. William O'Neil said the change should result in a "better market condition."

Management Briefs

The proposed Glen Alden Corp.-Maremont Automotive Products, Inc., merger is off. The issue had been put to stockholders over the objections of Glen Alden's president and chairman, and a heated fight developed (BW-Mar.9'57,p74). So the Glen Alden board changed its mind, voted unanimously to ask release from their contract. Maremont agreed.

Sewell L. Avery is resigning from the board of Peoples Gas Light & Coke Co., Chicago's sole natural gas distributor, after a 24-year tenure. Arthur M. Wood, vice-president and secretary of Sears, Roebuck & Co., will be nominated for Avery's seat.

Tighter rules for participation in proxy fights have been issued by the New York Stock Exchange for its members. Now, they must make the same disclosures to the SEC when taking part in fights in unlisted companies as is required in fights in listed companies. All associates of the members must do likewise.

The ante's going up for money-saving employee suggestions. U.S. Steel Corp. announced a suggestion award plan in which the top bonus will be \$10,000. Rule of thumb for figuring awards on cost-cutting ideas will be 20% of the first year's saving. Minimum bonus: \$10.

Monsanto Chemical Co. is issuing two annual reports for 1956. One, written by Chmn. Edgar M. Queeny, discusses the year and includes the statistical tables; the other is a magazine-like version of the same story, with color and pictures and the emphasis on the human angle.

A merger is under discussion between two business machine makers: Underwood Corp. (BW-Nov.17'56, p187) and National Cash Register Co. Underwood showed a \$5.8-million loss for the first nine months of 1956, predicted a red ink finish for the fourth quarter. NCR, which just entered the electronic computer field (page 136), earned a record \$18.4-million last year.



Everything in this display is corrugated: the floor, the fence, the columns, the backdrop, the picture and frame — even the bluebirds and the butterfly.

Versatile material for smart window dressing — single-face CORRUGATED in assorted colors

When it comes to window dressing, the first questions most store owners ask are: "How attractive?" and "How much?" Today more and more of them are finding welcome answers in single-face corrugated board—available in a wide variety of colors.

Easy to handle, corrugated can be tacked or stapled in place, laid flat, rolled into columns, or cut to any of a variety of interesting shapes. And every surface exhibits not only an attractive color, but decorative corrugations that can be used to form arresting designs or to emphasize horizontal or vertical shapes.

Because it is corrugated, this material has strength without weight, can

stand upright and often support quite a weight load. In countless applications, it has demonstrated a useful life far longer than that of most alternative materials. Yet the cost is so low store owners can usually justify more frequent changes of window arrangements than they otherwise might.

Single-face corrugated can be purchased in complete rolls for do-it-yourself window dressing or custom installed by any up-to-date profes-

sional decorator. If you are a store owner, a distributor or a manufacturer who makes display material available to his dealers, discover the economies inherent in corrugated. Consult your nearby window decorator or art supply house.

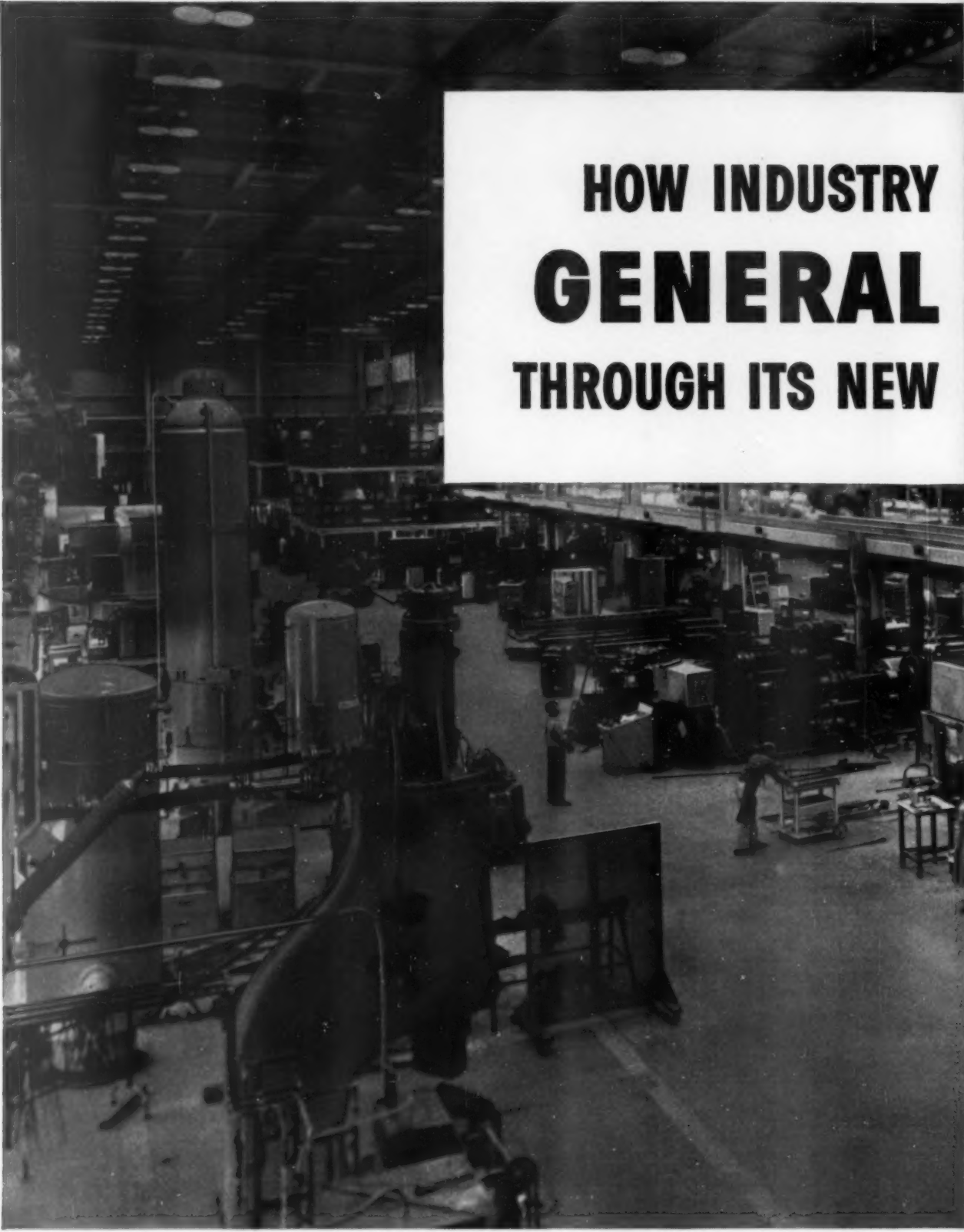
Langston doesn't sell corrugated, only the machines that make it. Since 1902, these machines have led the field in efficiency and dependability. *Samuel M. Langston Co., Camden 4, N.J.*

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Laboratory with factory-size equipment—that's the new \$5,000,000 G-E metals and ceramics laboratory in Schenectady. From here will come many of the products manufactured by the Metallurgical Products Department of General Electric Company, 11183 E. 8 Mile Road, Detroit 32, Michigan.



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Solutions to your most pressing problems, plus developments ahead of industry trends, are now being worked out in our laboratories



Because industry needed a cutting-tool material harder, and with greater production efficiency, than steel, General Electric brought out Carboloy[®] cemented carbides. Because industry needed a material with better magnetic properties, General Electric developed improved types of Alnico permanent magnets. Because industry needed a substitute for natural diamonds, General Electric created the first man-made diamonds, now in the pilot plant stage.

These, and many other vital products, are the result of General Electric's tremendous resources of technological know-how and skilled manpower in the field of metallurgy. They are created in G-E laboratories . . . and they are manufactured for industry by the new Metallurgical Products Department.

This Department is the successor to the Carboloy Department, which was organized in 1928 to manufacture and market Carboloy cemented

carbides. It now produces such widely divergent metallurgical products as vacuum-melted alloys, hevimet, and semiconductors like thermistors and Thyrite[®] varistors . . . in addition to carbides and permanent magnets.

The very range of its products indicates how the resources of General Electric are being put to work solving industry's most pressing problems through modern metallurgy. Perhaps more important, G-E resources like the new Research Laboratory in Schenectady and manufacturing facilities of the Metallurgical Products Department are now combining their talents to produce *ahead* of the trends and needs of industry.

From them, you will see a parade of new developments essential to industrial progress. These developments symbolize the benefits you can expect from the G-E Metallurgical Products Department.

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In Marketing

. . .

With Trading Stamps, It Seems, The Big Still Get Bigger

Researchers are as preoccupied with trading stamps as state legislatures are. Latest report on "The Status of Trading Stamps in Food and Drug Stores" comes from Selling Research, Inc., New York concern.

Among 900 food store owners, this study finds that 43% give stamps. Ironically—considering stamps' origin as an answer to big retailers—59% of the chain store owners give stamps while only 27% of independents do. A similar finding shows up among the 531 drug stores surveyed.

About 72% of the food store users with stamp plans felt stamps had benefited them; 80% of the drug stores felt stamps had helped. On the other hand, nearly a third of the grocers said they would drop stamps if their competitors would (in drug stores, 52% answered this way).

Great uncertainty appeared as to whether non-users would put in stamp plans in the next three months. Only 10% of the food stores said they would; 70% don't plan to. No drug store answered this question affirmatively.

Among the 500-odd grocery non-users, 52% are meeting stamp competition by lowering prices. Among drug stores, the favorite answer was to ignore stamp competition. About 22% of the food merchants say they have stepped up newspaper advertising and about 10% of drug stores are doing so.

. . .

Do-It-Yourself TV Tube Testing Catches On—Except With Repairmen

Do-it-yourself TV tube testing—which saves the consumer maybe \$6 per sale—is beginning to mushroom in some cities. TV repairmen aren't at all sure they like the idea.

In Pittsburgh, for example, Berkell Distributing Co. has pioneered one of these operations. Berkell is now grossing about \$4,000 a month in tube sales, expects to double this take in a year. Here's how the operation works.

Last August the company bought 10 tube-testing machines, set them up in stores in and around Pittsburgh. Each machine carries stock of some \$600 worth of radio and TV tubes, many of them such brands as RCA, Raytheon, Philco. The stores pay nothing for the use of the tester, take all the tubes on consignment, and get from 25% to 30% of the gross on the tube sales for themselves.

Set owners bring their small tubes in, check them on the tester for free, then buy the tubes to replace any that no longer work.

Conventional servicemen are trying to organize pressure on tube distributors, to block sales to such opera-

MORE NEWS ABOUT MARKETING ON:

- P. 86 How a Buyer Earns Her Pay
- P. 97 Boom in Supermarket Refrigeration

. . .

Dallas Video Fans May Get Pay-as-You-See First-Run Movies

Motion picture exhibitors, old opponents of TV, are showing interest in a plan to bring first-run movies to video via a system of closed-circuit TV. In Dallas last week, two exhibitors petitioned the city for permission to pipe movies from central studios into Dallas homes over special coaxial cables. Patrons would pay for the service.

The two requests for franchises to construct studios and other facilities came from Interstate Circuit, Inc.—a subsidiary of American Broadcasting-Paramount Theaters, Inc.—and Charles W. Weisenburg, theater owner and operator of a community antenna system. Both petitioners have made similar requests of other Texas cities.

The two moves spring from the "home theater" idea that will be tried out in Bartlesville, Okla. Backed by Video Independent Theaters, a theater chain, and Jerrold Electronics Corp., manufacturer of community antenna equipment, the Bartlesville plan involves distribution of first-run movies on a pay-as-you-see basis to homes via coaxial cable, at the same time as the theater showing.

Observers see the moves in Texas as evidence that exhibitors want to get in on the ground floor, in case the Bartlesville experiment is successful.

Subscription TV currently is getting the scrutiny of the Federal Communications Commission and a Senate committee. One advantage of closed-circuit is that, since it isn't broadcasting, FCC approval isn't needed.

. . .

Rubber Companies Take Up Cudgels To Fight New Maximum Fine Laws

Six rubber companies charged with violating price fixing provisions of the antitrust laws are fighting a stiff hike in fines. The defendants pleaded nolo contendere in Denver federal court to a charge of conspiring to fix prices on industrial belting. But when the judge fined them a total of \$145,000, they asked for time to prepare an appeal.

This question arose because in 1955 Congress raised the maximum fine from \$5,000 to \$50,000 (BW—Jul. 2 '55, p86). The companies contend that the old maximum should apply. But the judge ruled that the offenses continued right up to the time of the indictment, so the new fines take effect.

A Buyer's Job Is A Three-Ring Circus



VIP in any store: Grace Buchanan, buyer, department chief, starts day.

All that Bloomingdale's asks of Grace Buchanan is that she run its Misses Wear at a good profit. Here's how she does it.

"You have to be relaxed about all this or you wouldn't survive."

By all this, Miss Grace Buchanan means the fast-moving circus (pictures) that is her daily lot as buyer for Misses Wear in Bloomingdale Bros., Federated Department Stores' big Manhattan store.

In the course of a single breathless day, Miss Buchanan deftly juggles herself into and out of three hats. As buyer, she speeds through the market—in a heavy buying season she may visit as many as eight manufacturers a day—to nail down current orders, size up the possibilities for weeks to come. As seller, she coaches the 15 saleswomen in her department, talks with branch store coordinators, plans and checks the advertising, maps out promotions. As housekeeper, she checks incoming goods, keeps a sharp eye on stocks, watches the outgoing flow like a hawk. And several times a day she puts on all three hats to check progress at the all-important cash register.

"The buyer is the most important



BUYING under watchful eye of dress



COACHING saleswomen. "This is nylon chiffon for April through the summer."

SELLING to store customers. "Their reaction is very important to tell you what is good."





manufacturer (here Sam Gordon of Pat Hartley). "We don't write orders till we have reviewed the entire market."



CHECKING

new stock on pet dress form, Esmeralda. "If a dress doesn't sell, quite often something is wrong with the fit. So we try it for size."



TO MARKET

"I go by subway; it's faster. I take a taxi back."



CHECKING RECORDS with assistant. "We know each day where we stand."

(Story starts on page 86)

person in the store." So Miss Buchanan's boss, Harold Krensky, sums up her responsibility. Krensky is vice-president in charge of ready-to-wear and children's wear, one of the three big merchandising divisions of Bloomingdale's. "I don't have to worry about my job," he says. "All I have to do is to be sure I have a pennant ball team of buyers."

In essence, he explains, the Bloomingdale's buyer—whose title is department manager—runs her own specialty shop. "She plans to buy, she plans to sell, and she plans to make a profit."

I. Framework for a VIP

The out-of-town buyers who are trooping to New York right now for their spring buying come with varying degrees of responsibility. Some have little say about their "open to buy"—or the amount of money they may spend. If their sales slide, they know the comptroller will quickly clamp down on their open to buy position. Some have freedom to outspend their budget if they get an O.K. from their division manager, from the general merchandise manager (there is no such person at Bloomingdale's), and perhaps from an executive committee whose word is the ultimate law. Some buy on their own, some through a central buying office or through an outside agency such as Associated Merchandising Corp.

As a member of the Federated chain, Bloomingdale's uses AMC to buy such staple items as diapers. But in fashion, says Krensky, Bloomingdale's is on

its own. Furthermore, he says that his buyers have a freer hand than most stores give their buyers. "The comptroller has nothing to do with our open to buy position," he says. If a buyer decides she needs to up her spending from \$50,000 to \$75,000, she is free to do so.

• **Restrictions**—Actually, any freedom is somewhat theoretical. Store policy and experience—and the buyer's own experience—guide her as to how and how much to spend.

Thus at Bloomingdale's, store policy for some years has been to trade up, to offer increasingly higher-priced merchandise. This applies to the medium-priced Misses Department, where garments retail from \$29.95 to \$89.95 (in summer dresses the range is from \$17 to \$69.50), to the budget department, and to the Green Room, or couture department. Side by side with this policy runs another: to put increasing stress on fashion.

Such policy changes affect the buyer. Trading up may mean that she will have to reconstruct her list of suppliers, that she will have to use new criteria in judging her merchandise.

Finally, common sense imposes its own restrictions. A buyer stands or falls on her profit performance. The necessity of showing a profit at the year's end keeps the seasoned buyer from going haywire in the market.

The complexity and responsibility explain why a good dress buyer—working in what is probably the riskiest market in the world—may earn around \$20,000 to \$25,000 a year. To see just how she earns it, you have to follow her



CONFAB with Monty Yokel, of Fresh Meadow branch. "We watch each branch, too."

DAY'S END. At 6 P.M., she is homeward bound. "I don't think of myself as a career woman, but I suppose I really am."





Gasoline "sweetened" by Columbia-Southern caustic potash is safely free of sulfur, which if present could cause mass corrosion in all parts contacted by the gasoline or its vapors.

How to keep a sweet heart in your car

Pull in for a tankful of gas, drive for a couple of hundred miles. Every stretch of city street or open road is, in a sense, a cardiogram of your car's very "heart" . . . the engine. Smooth, sweet, rhythmic performance that delivers power evenly means your car has no corrosion-choked rings, cylinders, gas lines. Caustic potash effectively saw to this when it "sweetened" the gasoline your car consumes.

Crude petroleum is a hodgepodge of 1,000 or more separate organic compounds. After such complex refining processes as fractionation, impurities remain that must be removed before

your car can operate with the efficient economy you expect. One of the most potentially destructive of these is sulfur, which when present in heated gasoline quickly corrodes even highly resistant copper parts. And what it can do to steel with just minutes of contact!

Caustic potash does its work near the end of the petroleum's chemical treatment. Like the Pied Piper, this alkali "leads" residual sulfur away, never to be seen again. A nearly "ready" gasoline . . . stripped of its stubbornly clinging sulfur by caustic potash's high reactivity . . . results from this ingeniously protective "sweetening."

Caustic potash is one of the many Columbia-Southern chemicals employed by industry in countless ways to improve the products you use, to ease the life you lead. A leading merchant producer of chlorine, Columbia-Southern is also a pacesetter in alkalis and related chemicals.

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BIG FIGURE
in cleaning
costs**



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POWER UNIT
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WET OR DRY PICKUP

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MODEL 14**

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**EXCLUSIVE
2-SPEED MOTOR
(to fit job requirements)**

The 2-speed power unit can be instantly demounted for separate use as a hand-type blower-suction cleaner.

**EXCLUSIVE
3-IN-1 HOSE COUPLER***

Only one swivel connector is required to connect the hose to the dirt container, or to the power unit inlet or outlet. Saves you time, trouble, money.

**DOZENS OF ATTACH-
MENTS (optional equipment)**
are available for handling
hundreds of cleaning, maintenance, and production jobs.

* The Clements-Cadillac line also includes:

- A 2-speed portable blower-suction cleaner and three other job-rated models
- Hot and cold air blower
- Furnace blowers
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See your nearest dealer in Industrial, Automotive, or Janitors' Supplies—or write us direct.

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*Pat. applied for

World's largest producer of blower-suction cleaners... specialists in vacuum cleaning equipment for home, business and industry since 1910.

Several variations in accessories to suit your needs.

around for a while, as BUSINESS WEEK followed Miss Buchanan for a day last week.

II. The Buyer's Hat

What makes the buying side of Miss Buchanan's job look so complex is that it is a continuous stream of activity on several levels at once. For planning covers chunks of time as long as six months and as short as a couple of days.

Starting point for the department manager is a twice-a-year over-all estimate of what she wants to sell in her department and how much money she will need. This over-all plan is worked out on a month-by-month basis.

She has last year's sales to help guide her. But she must also allow for that trading up policy, decide where to diverge from a year ago. She has to look at her present stock, figure how much of this she wants to replace and what to change.

• **Store Policy**—Here, too, store policy has its impact. "There is a school of thought, and it works," says Krensky, "that a good place to start is with last season's stock, or at least with what was selling at the end of last season. But we enjoy gambling a bit. We like to try something new."

When she has worked out her six months' plan, she discusses it thoroughly with Krensky. "But the buyer's plans invariably are the final plans," he says emphatically.

Every three months, the large plan gets a review. Maybe the consumer feels poorer than she did a few months ago. Maybe Paris has come in with another look to turn the fashion world upside down. This revising continues right down to the month-to-month and day-to-day level.

• **Hunt for Ideas**—However elastic a plan, when Miss Buchanan slips into the subway to speed to New York's garment center, she has the framework, both large and small, in which to make her choice.

The first step in actual buying for a season is a long look at what Seventh Avenue has to sell. For perhaps three weeks, the buyer scours the market to get ideas for a season that is still anywhere from two weeks to six weeks away.

Her first job on last week's jaunt to the market was to fill in her current stock; she hadn't yet finished her buying for March. She got through this part of the job quickly; she had seen most of the dresses before.

Looking for April and May took longer. Models at Pat Hartley, dress manufacturer, for example, pirouetted their way through some 80 dresses while Miss Buchanan sat, looked, smiled, murmured, "That's cute," and wrote



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**PAPER
BUILDINGS**



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Canadian Plant: Woodstock, Ontario

nothing down. When she had seen the entire line on models, she went through it again on the racks. This time, she discarded fast the ones she had no interest in. The ones that appealed to her she made note of. After each day's excursion, her assistant, Miss Joan Crawford, totes up the list from every manufacturer, classified by style, price, sizes, and estimates the cost.

• **Weeding Out**—This process, which she began two weeks ago, will last for perhaps another week. By that time she will have carefully scouted some 40 or 50 suppliers, and she has a long list of possible merchandise to stock her department with. But she has not yet written a single order.

When all the lists are in, the weeding out begins. The original list is probably twice too long. The weeding out entails another round at the market, inspection of dresses already tabbed as possibilities or of new ones the manufacturer didn't have earlier.

• **Timing the Order**—At that point, about two to four weeks before she needs the merchandise in the store, the buyer writes her orders. She likes to buy as close to selling time as she can. "This may cost us something at the start," Krensky says, "but we aren't a forecast store. If we wait, we are surer to have the right merchandise."

How large the original orders are is up to Miss Buchanan. Usually she goes easy at the start, ordering maybe from eight to 22 pieces of a single item. She orders in a full color and size range, makes sure she has a stock balanced in style and price. "I must have a crepe in every price range—and we have some 20 ranges in our one department," she says.

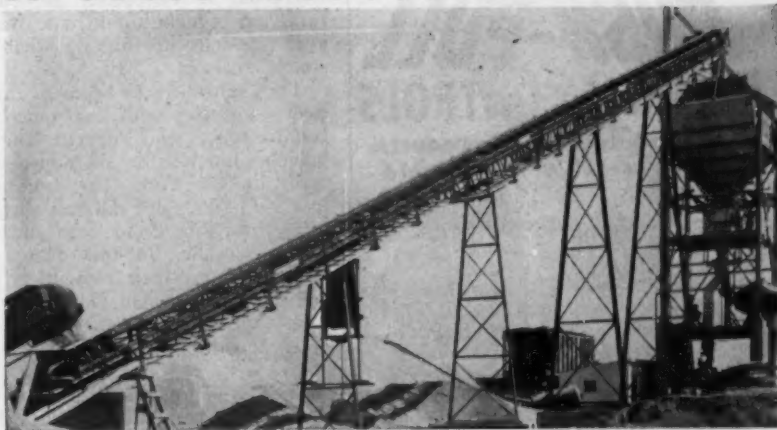
She figures on spending about half her estimated budget on early orders, holding back the rest to give her some leeway later in the selling season. For while in theory she can get more money if she needs it, if her plan has any validity it makes sense to stick with it.

Another store policy influences the size of her orders. Bloomingdale's likes to have fresh stock coming in constantly; this means smaller, frequent orders.

Again, if she plans to advertise a dress, she has to order more heavily, maybe about 50 to an ad. And she must protect herself by making sure that the manufacturer can follow up with more in a hurry if the dress proves a hit.

• **Stock Control**—Since she buys for the branch stores as well as for the home store, she has to keep alert to the needs of each branch. She has two checks on this. First is the store's unit control system, which provides a duplicate control card for every order,

It costs less . . .



• to fill a bin

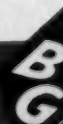


• to mix asphalt



• to load coal...with machines developed by...

Barber-Greene



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Literature on request

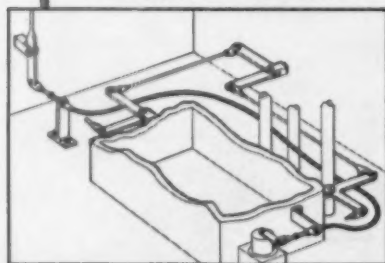
CONVEYORS...LOADERS...DITCHERS...ASPALT PAVING EQUIPMENT

TRU-LAY PUSH-PULL REMOTE CONTROLS

make hundreds of products
more useful... more salable

The **DATA FILE** offered below shows how the Precision Construction of these **PUSH-PULLS** provides sustained accuracy, lifetime service and improved operating characteristics for literally hundreds of products (ranging from relatively delicate photographic equipment to the roughest and toughest dirt-moving equipment) to make them more useful... more salable.

Here is a picture of
SIMPLICITY vs COMPLEXITY



Tru-Lay Push-Pulls are Simple... have One Moving Part... provide Lifetime Service, Lifetime Accuracy, Low-Over-All Cost and they are Noiseless. We have never heard of a Tru-Lay Flexible Push-Pull wearing out in normal service.

Mechanical Linkages, as shown dotted in the drawing, are Complex, have Many Parts, Many Points of Wear to create Increasing Back-Lash with Loss of Accuracy and Multiple Vibration Rattles.

The six bulletins and
booklets in the
DATA FILE

provide a clear picture of
how the Flexibility of
Tru-Lay Push-Pull Remote
Controls simplifies
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... cuts costs for Engineering
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AMERICAN CHAIN & CABLE**

601-A Stephenson Bldg., Detroit 2
2216-A South Garfield Ave., Los Angeles 22
929-A Connecticut Ave., Bridgeport 2, Conn.

showing the number, color, size for every manufacturer in every store. Every day as the dresses are sold the cards are brought up to date, so that a glance tells her exactly what each store's stock is.

The other check comes through weekly meetings with the branch store coordinators, who operate in the branches much as the division manager works in New York. The coordinators may say, "We can't sell this particular item," and they decide what they will advertise locally. But they discuss their sales problems, their promotion plans with Miss Buchanan, look over the New York stock to determine if they need something to fill in their own lines.

• **Hazards**—Throughout this process, her job is a constant weighing of imponderables. How will this model look in size 20? "That's darling," she will say, "but I'm afraid of it in the large sizes." And the constant need to revise her planning keeps her on the alert. Thus, her February sales this year were considerably higher than last year's. "On that basis," she says, "I would have a perfect right to up my March buying schedule. But I know that March is tricky. Customers still want some winter stock, some early spring stock—and the weather may change the picture. Some want summer clothes for cruise wear. Easter comes late this year, so the big spring buying will come later."

• **Manufacturers Help**—The buying never ends. "There's rarely a day when we aren't placing at least a few orders," she says. And throughout, the store works closely with the manufacturer. A manufacturer will tell her, "This dress pulled terrifically at such and such a store." Or his salesman will say, "Don't pass this one up, Miss Buchanan." Even if she doesn't like the dress herself, she is likely to make a note of it on the manufacturer's say-so.

The manufacturer must know her advertising plans to be sure he has enough stock on hand. He tells her if another store is going to advertise a dress, for it's a point of honor not to feature the same item. Sometimes a competitor is promoting the dress at a special price; the manufacturer tells her this, too, so she won't be stuck with it at a higher price. Sometimes no one has just the dress she is looking for. Then she takes her ideas to a manufacturer, gets him to make it—a copy of a more expensive dress, say. And her practiced eye is quick to spot a detail that isn't quite right. "Are you going to make that collar deeper?" she'll ask.

• **Fickle Fashion**—Another important job is watching fashion trends: what Paris is doing, what the fashion maga-

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"... if you keep at it long enough you can be a good buyer without a particular flair..."

BUYER starts on p. 86

zines are playing up, what such experts as Tobe say (BW—Jan. 14 '56, p. 62), what Bloomingdale's high-fashion Green Room is displaying. "I try to keep the look of the Green Room in my own department," she says. But she works quite independently of the Green Room manager, who is, after all, another competitor for her business.

III. The Seller's Hat

Meanwhile, the selling job is going on. This means first of all keeping watch over the stock in the store. At least twice a day Miss Buchanan checks the receiving room to see what's coming in.

• **Personal Touch**—Every morning before the store opens she shows saleswomen the new garments, explains their selling features. "This is nylon with the Veleray dot," she'll point out to them. Or, "You can't wash this fabric."

Experience has taught her that a slow-moving dress often means something wrong with the fit. To check this before it starts, her assistants try a sample of every new dress on a dress form, named Esmeralda. Sometimes a quick try on Esmeralda shows that a dress has been marked incorrectly for size. Sometimes the color isn't just right. If that's the case—and the control cards will spot this—reorders will specify another color.

Since customers are the best gauge of what they like or don't like, Miss Buchanan spends some time on the selling floor every day, either selling herself or watching customer reaction.

Tradition pretty much sets the initial selling price, but Miss Buchanan must decide when to mark a dress down, and how much. Ideally, she hopes to turn her dollar stock over once a month. Usually—except at the beginning of a season—she knows in a week if a dress isn't going to sell.

• **Extras**—How much to spend on advertising and where to spend it lie in her bailiwick, too. This entails weekly meetings with Mrs. Ruth Straus, the store advertising manager, Krensky, and the branch coordinators. Sometimes there's a conflict of interest; some other department is advertising an item that day, and it's a matter of working out a schedule to keep everyone happy. And she must work out promotions,



Tapping a Source of extra dust collection PROFITS

Turning a profit from a former nuisance—industrial dust, to be exact—is an old trick for Buell dust collection experts.

Tipping the scales between profit and cost in industrial dust collection is assured by Buell's extra efficiency features: in nearly all cases reclaimed dusts more than pay for collection.

Topping all standards for efficiency are features like the unique rapping mechanism, which *shears* dust from the collectors without scattering, so it falls cleanly into hoppers without re-polluting the gas stream.

You can tap a rich source of information about modern dust collection in the free brochure, "The Collection and Recovery of Industrial Dusts," which explains all *three* Buell dust collection systems. Write to Dept. C-80, Buell Engineering Company, 70 Pine Street, New York 5, N. Y.



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KREOLITE
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Get all preference votes



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right are high on the list of the
flooring requirements of hospitals
for their steps and landing plat-
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Available in Birch and Industrial from The Jennison-Wright and Co. Lumber



For gym floors and
vocational shops,
KREOLITE FLEXIBLE STRIP*
resilient flooring is tops.

**Made of Kiln Dried End Grain Southern
Yellow Pine Wood Block in Natural Color*

*"... an exacting mistress,
she exacts as much of her-
self as of her staff ..."*

BUYER starts on p. 86

window displays, in-store displays, and
the like with Miss Margaret DeMille,
fashion director for the division.

IV. How She Ticks

"All we ask of a buyer is that she
show a profit at the end of the year,"
says Krensky. Here is where the tricky
business of right timing, cagey or bold
buying, successful selling tell the story.

"Experience counts the most," says
Miss Buchanan. "It helps to have a
flair, but if you keep at it long enough
you can be a good buyer without any
particular flair." The flair for the right
thing at the right time counts heavily
in as ephemeral a business as fashion.

"You have to love this business if you
are going to stay with it," she says. "I
started in with Macy's training course.
This kind of experience tells you right
away either that you can't take it or
you love it enough to stick it out." Before
she came to Bloomingdale's eight months
ago she was buyer at Lord & Taylor,
Bonwit Teller, and Saks Fifth Avenue. "I
had 10 years of buying junior sizes," she
explains, "but I've always loved fashion,
and that is stronger in the misses sizes."

"I never think of myself as a career
woman," she goes on, "but I suppose I
am. I love my job, but it isn't my reason
for living." Among those reasons are a
dentist husband and an eight-year-old
son. She studied violin for 12 years with
the idea of becoming a concert violi-
nist.

• **Exacting Mistress**—In spite of the
excitement—which she enjoys—she man-
ages to convey some of the relaxed atti-
tude she finds essential for her sur-
vival. "She never gets flustered," her
young assistant says.

This doesn't mean she is easy at the
job. She is an exacting mistress, but
she exacts as much of herself as of her
staff. A perfectionist, she stops to
straighten out a dress on a display form.
"I hate a messy stock," she says. If her
staff doesn't arrange the dresses just to
suit, she makes them do it again—and
pitches in with them.

An important element in the "re-
laxed" attitude she maintains is her own
confidence. "Are you ever haunted by
fears that you have bought the wrong
thing?" she was asked. "Oh, no," she
said serenely. "We use such helps as
Tobe gives us, but the way I feel is that
if the experts can tell us something I
haven't already known, I have been
asleep." **END**



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A client of ours in Cleveland was having a tough time serving his customers in Connecticut. His Sales Department thought Emery could help him with our Consolidated Air Parcel Service which combines the speed of air freight with the economy of postal delivery at destination. This service enabled him to beat competitors' delivery times in this market area, cut inventories at his branch warehouse and better customer service at a cost but pennies more than slower rail parcel post all the way. The result: our client's sales volume in this area went up a profitable 50 per cent.

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Management men in every industry are giving productivity and profits—as well as *personnel*—a lift by integrating Towmotor mass-handling in all operations from receiving to delivery.

Every department benefits. More work gets done. And you don't need more men to do it because Towmotor fork lift truck operators are finding it's *fun* to multiply the handling of materials aided by 12 new Towmotor improvements like these:

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Some of the industry's most significant advances in fork lift truck design and performance are shown in Towmotor's latest bulletin #SP-23. See how

they help supplement your personnel—permit your men to do a bigger day's work easier—give each operator the power to improve your plant's productivity and profits.

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Hot Company in the Coldness Business

Supermarkets want more and still more refrigerated space, as shoppers go for convenience foods and handy meat displays. That creates both problem and opportunity for Hussmann Refrigerator, St. Louis equipment manufacturer.

IN A SINGLE DECADE, supermarkets—and the self-service idea on which they were founded—have swept across the country to dominate the marketing of food. Today supermarkets do more than 50% of all food sales (this percentage goes to almost 90% if you include superettes—stores which do less than \$375,000 a year and more than \$75,000). And their total number has climbed from under 10,000 to more than 20,000.

Hussmann Refrigerator Co., St. Louis, has been riding the supermarket self-service idea—to the exclusion of everything else but defense work—ever since the end of World War II. It latched onto the boom just before the war, when A&P, along with other chains, began asking for refrigerated equipment that would offer self-service convenience for perishables.

Even now, the supermarket revolution is far from over, and at the Super Market Institute meeting in Cleveland next month, retailers will get a glimpse of what lies ahead. For its part, Hussmann—largest producer of refrigeration equipment for the retail food industry (1956 sales: \$34.7-million)—will unbag some new products. Among them will be the portable refrigerator multi-deck display case (center sketch, left foreground). Later this year it will introduce a new triple-deck refrigerated meat case to match a similar dairy case marketed last year.

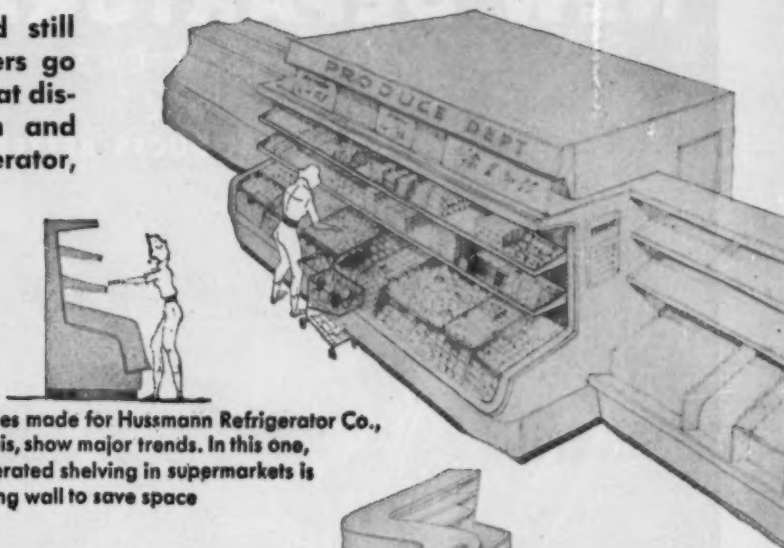
I. New Problems

What is happening today couldn't please Hussmann more.

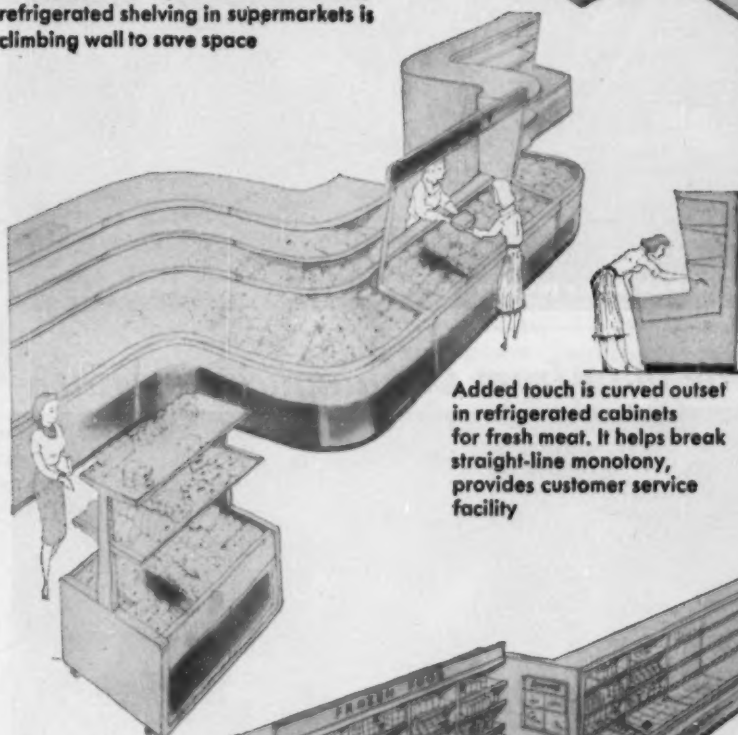
"The demand for space is shoving refrigerated cases right up the wall," says Arthur B. Biddle, executive vice-president of Hussmann's sales subsidiary, Hussmann Refrigeration, Inc. And new supers are going up at the rate of something like 2,000 a year, with major chains this year announcing plans for continued expansion.

In addition, Hussmann Chmn. W. B. McMillan says that the number of supers "which are . . . outdated in plan and inadequately equipped remains at a very high figure."

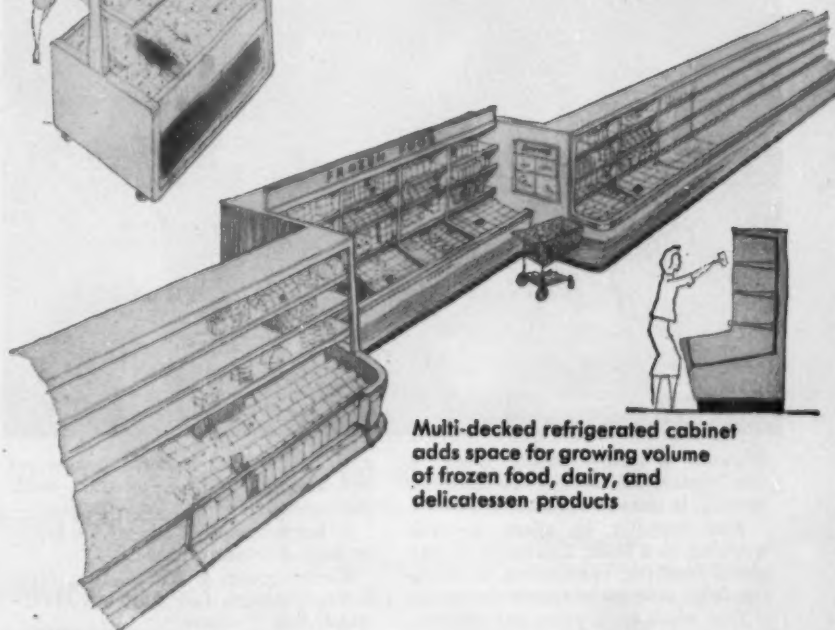
• **Crowded Cases**—In the past two or three years, supermarkets have come to realize that their success as mass movers



Sketches made for Hussmann Refrigerator Co., St. Louis, show major trends. In this one, refrigerated shelving in supermarkets is climbing wall to save space



Added touch is curved outlet in refrigerated cabinets for fresh meat. It helps break straight-line monotony, provides customer service facility



Multi-decked refrigerated cabinet adds space for growing volume of frozen food, dairy, and delicatessen products

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MAKE
GOOD PRODUCTS BETTER



- Permit Higher Speeds
- Reduce Maintenance
- Increase Accuracy
- Resist All Loads
- Simplify Design
- Reduce Friction
- Prevent Wear

NEW DEPARTURE • DIVISION OF GENERAL MOTORS • BRISTOL, CONN.

(Advertisement)

The man from Cunningham & Walsh



Weeks' Week—Shelton Weeks, a vice president of our advertising agency, is usually contacting clients.

But recently he spent a week working in a bank. Learning things about banking operations. Meeting the folks who do business there.

One week each year, our writers,

artists, TV and account people go out and make direct contact with customers. This is a C&W policy.

It helps us create ads with a higher rate of human interest.

Cunningham & Walsh, Inc., New York, Chicago, Los Angeles, Hollywood, San Francisco.

of merchandise has created a new problem—how to handle the constant increase in new items the food retailer is being called on to sell. This is true of just about all kinds of food, but it is particularly true of frozen and prepared foods requiring refrigeration.

You get some idea of the problem in figures compiled by Progressive Grocer Magazine. In 1946, the average supermarket handled 3,000 items. By 1955, that had climbed to 5,000 items—a two-thirds increase in 10 years.

Biddle told a Chicago meeting earlier this year that Safeway officials estimate there are 24 new items a day—or 6,000 a year—crying for space on supermarket shelves.

Reason Why—A good deal of this increase is a result of supermarkets' becoming one of the prime channels for mass distribution. They are continually being asked to add non-food lines—toiletries, housewares, toys, softgoods (BW—Jan. 12 '57, p116). But these still only account for a small percentage of total sales in the average supermarket. The crush comes to a great extent from newer foods—especially the convenient pre-packaged and frozen vegetables, meats, fruits, and dairy products.

This means refrigeration—and refrigeration takes space.

Stretching—Supermarkets have been solving the problem by the expansion of over-all store size. A 10,000-sq. ft. supermarket was a big store 8 to 10 years ago. Today it is below average. Many stores in new shopping centers are in the 30,000 to 40,000-sq. ft. class; some go over 100,000 sq. ft.

Now, say Hussmann officials, there are disturbing reports in some areas that stores have become too large. Some of the biggest supers supply aisle maps on their carts to save customers' time and to alleviate what has come to be known as "shopper fatigue."

So the only way left to go is up. Hussmann's planning for the past few years has been aimed at providing the refrigeration equipment that will allow supermarkets to do this.

II. Dairy to Meat

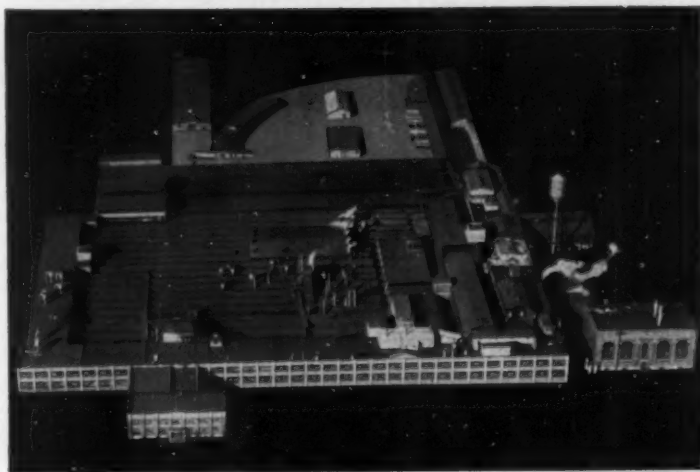
Hussmann's first contribution to self-service of perishable foods came in 1941, when it introduced what it claims was the first doorless display case for dairy products. Prior to this, dairy products were carried in large upright ice boxes—which Hussmann was making when present management bought control of the company in 1928.

Dairy processors created the first big demand for more and more refrigerated display space. They watched store operators cutting their wheels of fresh cheeses into small wedges to sell them through self-service displays. So they came out with their own packaged

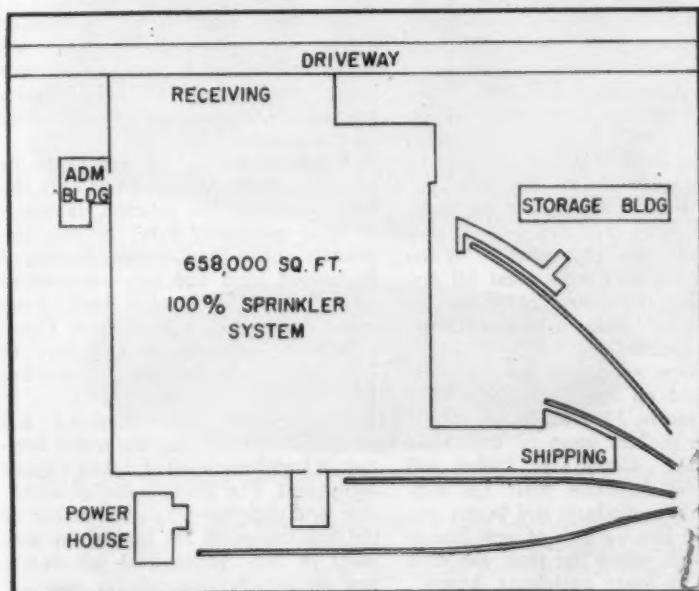
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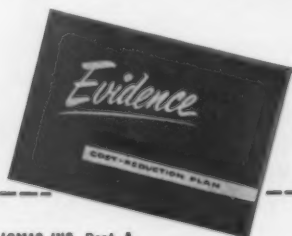


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brands of so-called "live" cheeses, began handling other dairy products the same way as packaging became better.

In 1947, Hussmann brought out a two-level refrigerated display case—an instant success, which lasted until 1955. That year Hussmann hit the market with a three-decker, and sales soared.

• **Multiplication**—The 1947 refrigerated model gave 100% more display than its 1941 predecessor. The current model adds another 30% to that—so today dairy cases are giving supermarkets 2½ times more display area than at the beginning of the refrigerated self-service boom in perishables.

According to John R. Caulk, Jr., executive vice-president of Hussmann, an average supermarket used to have 12 linear ft. of double-decked dairy refrigeration. Now they are demanding 24 ft. to 30 ft. of the newer triple-level equipment.

• **Potential**—This wall-climbing type of self-service refrigeration has two other areas to tap.

Frozen food products—which have skyrocketed in volume and variety of product lines—need retail display cases with temperatures from zero to 10 degrees below zero. More engineering is needed, but Hussmann has a triple-deck version for frozen foods on its drawing boards.

And its new triple-deck meat display will solve another current problem of the food retailer. One of the big question marks for the supers, however, is what will happen next in meat merchandising.

"Just like the cheese processors, the major packaging companies for the past 15 years have been trying to find a way to establish brand identity," says McMillan.

The packers know, he says, that if they can educate the housewife to use frozen red meats, they can move in and sell her pre-packaged fresh cuts with their own brand names.

• **More Coming**—Supers—and Hussmann—are watching carefully the experience of Swift & Co. in marketing fresh frozen meat (BW—Jun. 11 '55, p41). If the trend catches on, the store operator will then have another big space problem.

According to Hussmann, "When frozen packages of fresh meat hit real acceptability, the amount of refrigerated space in the meat department will probably double."

Right now self-service meat displays are planned on an 80/20 basis—80% for fresh meats, 20% for frozen.

"If the packers jump in with their own brands," Caulk says, "what will happen will duplicate what has happened to dairy products and frozen prepared food lines—a rash of new brands and products which the store will have to carry to keep customers happy."

Hussmann's business thrives on solving just such problems as the dynamics of food retailing create. For the frozen meat field, for instance, it introduced last year a double-temperature display case.

Since the future of frozen meats is still unclear, Hussmann figured it could meet the demands for store planning by offering equipment which can be changed from normal low temperatures to extra low temperatures by merely flipping a switch. This flexibility is important when equipment is so expensive—and retailers must figure on at least five years between remodelings.

III. They Planned It

The refrigeration company, since the beginning of the self-service boom for perishables, has worked closely with food manufacturers and processors to increase the possibilities of its market. In the early days, Hussmann worked with du Pont on packaging, later with Kraft and Borden on dairy products, and still later with Swift in testing the sale of frozen cuts of fresh meats. By this process, Hussmann has been able to keep the need for refrigerated equipment constantly expanding.

• **Special Service**—But Hussmann knows that equipping a modern food market calls for careful planning and heavy financial investment—some pieces of equipment sell for as much as \$100,000. (It also supplies large cold storage facilities in rear of the store.)

To service its ever-growing market, Hussmann's has a staff of about a dozen salesmen who sell directly to national chain accounts, most of which do their own store planning. An independent distributor setup serves the smaller chains and supermarket operators—and brings Hussmann special pride.

Hussmann found it had to become (1) a financing company (it now has some \$6.5-million in retail installment paper outstanding) to help smaller operators buy equipment and (2) a store planning firm.

• **Inspirations**—The company gets its ideas by closely watching not only the food processors but retailers. It brings in food merchants from all over the country, shows them dummy models of its newest ideas and gets opinions of what is good and what isn't. Each month, a designer from the David Chapman industrial design firm in Chicago sits in on meetings and sketches the ideas onto paper (page 97).

This over-all store planning has pushed Hussmann into the newer business of supplying most of a store's major equipment. The latest: a line of adjustable steel shelving—which will be one of the first things off the line in the new plant in New Jersey next fall—and a new electric checkout counter. **END**

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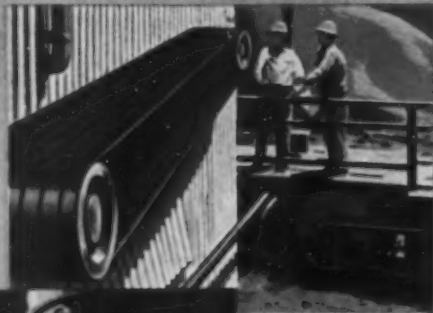
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How much of a "Gate to the

Of earth-shaking proportions is the near-billion-dollar St. Lawrence Seaway and Power Project. When completed, this greatest of construction jobs will not only harness 13 billion kilowatt-hours of seething St. Lawrence power each year, but will permit seagoing ships to sail 2300 miles into the industrial heart of North America.

In a race against time, an army of men and machines works at fever pitch. Despite a raging river, sub-zero winters and extremely difficult geology, the world's second largest hydroelectric installation is being built and over 150 miles of waterway being face-lifted on schedule. All told, more than 180 million tons of earth, rock, stubborn

glacial till and blue clay will be moved.

The roles played by industrial rubber and the G.T.M.—Goodyear Technical Man—in this conquest of Nature are as staggering to comprehend as the magnitude of the Project itself. No one can estimate the hours and dollars being saved by the efficiency and durability of the G.T.M.'s conveyor belts, V-belts, dozens of types of hose and many molded items. It's safe to say that without designed-to-the-job products such as these the Project would not be completed in 1959—or any other year.

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program. Here, too, the materials to be handled and the distances to be covered defy the imagination. And here again, the G.T.M. and his products will play major roles in moving bulk materials, transmitting anything pumpable, and powering equipment at minimum cost. How can he help you? You can contact the G.T.M. through your

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needed, and maintenance is cut to a whisper.

Such properties make stainless steel an ideal material for trailers, trains, planes, etc. They qualify it for myriad other applications, too. Chances are that *you* could use it when your product (or process equipment) requires superior strength, corrosion resistance, heat resistance, sanitary qualities, ease of fabrication, durability and attractiveness. ● We'd be pleased to discuss it with you—anytime you say or anywhere you'd like to meet. **Allegheny Ludlum Steel Corporation, Oliver Building, Pittsburgh 22, Pa.**

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SHIP OPERATORS

National Bulk Carriers, Inc.
Seatankers, Inc.
Universe Tankships

Ludwig's fleet (tankers, dry cargo ships, and ore carriers)

In operation — 1,279,347 deadweight tons

Under construction — 1,161,939 deadweight tons

Scheduled — 935,000 deadweight tons

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Oil Properties (South America)

Tanker King Who Shuns Crown

Limelight-shy Daniel K. Ludwig of National Bulk Carriers is a "man nobody knows"—yet his tanker fleet rivals those of the fabulous Greeks whose names are symbols of wealth.

His empire began with shipping, grew big on shipbuilding, is branching out now into other fields. Here's the story of its little-known ramifications—and the quiet American who runs it and has amassed a half-billion dollar fortune in the process.

The Suez blowup has thrown the world spotlight on tankers—the huge oil carriers, many of them vying with giant luxury liners in size, that have become Western Europe's industrial lifeline. Even with the reopening of Middle East pipelines and the Suez Canal, tankers are sure to retain a preeminent role in the world's oil supply lines—building even more far-reaching business empires for their powerful operators.

This new postwar breed of international magnate—the "tanker king"—has already taken a central spot on the world business stage and in the popular imagination. The names of a trio of Greek tanker operators—Aristotle Socrates Onassis and Stavros Spyros Niarchos, with their father-in-law, Stavros

Livanos—have become symbols of fabulous wealth and far-spreading power.

But—though you won't find his name in Who's Who in America, nor even in Who's Who in Commerce and Industry—the U.S. has a tanker king of its own, Daniel K. Ludwig, president of National Bulk Carriers, Inc. The fleet of this publicity-shunning but powerful figure rivals—and, some say, outranks—those of the fabulous Greeks.

At last count, his total—operating and under construction—amounted to 2,441,286 deadweight tons. Though tanker totals have a way of shifting rapidly, that would be a shade more than Niarchos' latest total, and would rank Ludwig as the world's biggest independent ship operator.

Ludwig's empire, however, doesn't stop with ships—nor even with shipbuilding, which has become a big phase of his operations. In recent years, as you see in the chart above, he has gone far afield, into such lines as cattle raising and salt production.

That in itself is not unique in this era of diversification. What's startling is the quiet way in which Ludwig—a man so little known that scarcely a picture of him exists—has accumulated a personal fortune worth an estimated \$500-million. That certainly qualifies him as one of America's richest businessmen.

I. Bastions of Empire

To track down the empire that centers in the retiring, 59-year-old Ludwig, his modest Madison Avenue office, and his wide-ranging yacht (pictures, page 107) you have to scour not only the seven seas but several continents.

The backbone of his empire is shipping—and that's mostly in tankers and ore carriers flying the Liberian flag. Nerve center for his numerous subsidiaries is National Bulk Carriers, an owning and operating company set up in

(Story starts on page 105)

1936. National Bulk controls some 1,279,347 d.w.t. of shipping in operation, and has another 1,161,939 under construction.

Its 85,515-ton Universe Leader (picture) is the biggest supertanker afloat—comparable to the Queen Elizabeth. But National Bulk has on the drawing board nine 103,000-ton tankers, and several 85,000-tonners. Actually scheduled for construction are about 935,000 tons.

How much revenue National Bulk brings in is anybody's guess. The company does not publish an annual report for outsiders to see. That's because Ludwig personally, or through National Bulk, owns virtually 100% of all the companies he manages. The main exception to this is American-Hawaiian Steamship Co.—his roll-on, roll-off trailer ship venture—which he controls through 58.6% stock ownership.

• **Income Sources**—Ludwig's main shipping income comes from three operators:

- National Bulk Carriers, which has 14 tankers (267,641 tons), and its subsidiaries—

- Seatankers, Inc., operating four tankers (39,223 tons) and four dry cargo ships (49,974 tons).

- Universe Tankships, Inc., with 14 tankers (438,216 tons), seven ore carriers (355,639 tons), and one 12,920-ton dry cargo ship.

Like other big, independent ship operators, Ludwig puts his fleet out to charter to the oil and steel companies. Here he follows the usual pattern—some ships on long-term charters of about 10 years, others on short charters up to five years, a few kept ready to play the spot market.

• **Supers**—What really put Ludwig into the big time quickly was his decision after World War II to go in for building supertankers. Like other pace-setters in the industry, he reasoned that one big ship could operate more cheaply than several small ones. He got going around 1947, building the largest tanker then afloat—a 30,000-tonner, almost double the size of the war-built T-2's—and has been chalking up records ever since.

A year before the blue-ribbon Universe Leader, he turned out the world's biggest combination ore-oil carrier—the 750-ft., 55,000-ton Sinclair Petrolore.

Before that, Ludwig had expanded his shipbuilding operations from their original Norfolk, Va., base across the Pacific to Japan. In April, 1951, when Japanese shipyards were begging for work, Ludwig leased Japan's naval shipyard at Kure. That gave him a yard big enough to handle giant ships, at wage scales low enough to produce tankers cheaply. Under the 10-year, renewable lease, Ludwig reportedly pays annual rent of \$8,722 for the yard, plus \$83,333 more for use of its facilities.

Ludwig supplies most of the building materials from outside Japan, but uses Japanese steel when available. At Kure, he has built 11 ships totaling over 500,000 tons, and has most of his blueprinted supertankers scheduled for construction there.

• **Design Improvements**—Supertankers are only one stage in Ludwig's long list of projects. Even before his supertanker plunge, Ludwig was known for several ship design and shipbuilding techniques that he helped develop:

- **Welding ships** instead of riveting. It's a cheaper, faster method of shipbuilding. Ludwig helped pioneer the technique in his Norfolk, Va., shipyard in the 1930s. During the war, almost all yards went to welded construction, and now it's a standard method.

- **Launching tankers** sideways rather than shipping them down the ways backwards. This can reduce construction costs and shipyard space. In the 1930s, Ludwig built a ship on a pier, then literally plunked it into the water. He pioneered this technique for large ocean-going ships.

- **Utilizing space** carefully in ship design. Ludwig's rule of thumb: the biggest payload at the least cost. In tanker design, if possible, he wanted to carry oil in the hollow steel masts. When he was told this was impossible, he simply eliminated the huge masts, installed instead a small pipe just strong enough to hold the required navigational lights.

- **Public Stage**—In all this activity, Ludwig has shunned the limelight, and remained such a shadowy figure that leading newspapers say they would be hard put to it to work up any kind of sketch of the man and his activities from their file clippings.

But though he has stayed close to the wings, Ludwig has not completely avoided the public stage. From time to time he has played a big role in helping work out U. S. maritime policies and oil problems. He's on the Defense Dept.'s Military Petroleum Advisory Board, the National Petroleum Council and committees of the American Merchant Marine Institute, Inc.

II. The Man Who Rules It

If you visit the offices of National Bulk Carrier at 380 Madison Ave. in New York, you'd never know from the unadorned and nameless reception room that you were at the center of a shipping empire with worldwide ramifications. The office is key to the man.

"D. K."—as Ludwig's close associates call him—isn't the tycoon type that bowls people over with an aggressive personality. Nearly 6 ft. tall, with black, slightly graying hair, he's described by friends as a quiet, rather relaxed businessman, who doesn't talk much.



LATEST AND BIGGEST supertanker in Ludwig's world-roving fleet—or anyone else's—is this 85,515-ton giant, launched last year by his National Bulk Carriers, Inc.



HEADQUARTERS for Daniel K. Ludwig's wide-reaching empire in tankers, cargo ships, shipbuilding is in modest offices on 22nd floor at 380 Madison Ave., New York (above).

With his family, Ludwig lives in Darien, Conn., has an apartment in New York, too. He travels extensively, often aboard his swank yacht, *Danginn* (picture). His long-time second in command is William W. Wagner, National Bulk's executive vice-president and treasurer.

• **Business First**—With Ludwig, work is almost an obsession. A non-smoker, only a moderate drinker, Spartan in personal habits, business gets almost 100% of his attention.

If he's retiring in outside life, in company operations he is stage front most of the time, a one-man director who relies on assistants and in-betweens to clean up the details. On a project, his greatest gift is seeing the big picture. Once a project begins, Ludwig doesn't rest easy until completion date. There's no lack of projects—an associate speaks of his unlimited ingenuity in dreaming up new ways of doing things. He willingly gambles on an idea that looks good—but his formula is to add a large dose of hard work to the gamble.

In rising to the top he has made hardly any arch enemies—among shipping people, his reputation varies from "not too well liked" to "a damn nice guy." But few really know him, for he keeps deliberately to himself.

• **Whole Hog**—Though Ludwig is generally not ostentatious, when he wants luxury, he goes whole hog—as his 190-ft., 381-ton yacht, the *Danginn*, shows. Built in Norfolk in 1950, owned by National Bulk (not Ludwig himself), and operating under the Liberian flag, it cost around \$2-million—with \$25,000 for carpeting alone. Says one executive

who has been aboard: "The maid's room looks like the finest hotel suite you ever saw."

Ludwig doesn't go in for yachting as a sport. But he has entertained Saudi Arabia's King Ibn Saud aboard the *Danginn* in the Persian Gulf, has taken Clark Gable along on a trip to Venezuela to hunt jaguar. In a typical year, the *Danginn* logs some 40,000 miles—much of it with Ludwig's friends, but not Ludwig himself, aboard.

• **Long Way**—All this is a long way from tiny South Haven, Mich., on the shore of Lake Michigan, where Ludwig was born on June 24, 1897. (Ludwig has become so much a man of mystery that stories of foreign origin have had currency. Actually, he comes of an old U.S. family, with German, Scottish, and English ancestry.) He skipped college, went to work in his teens for ship equipment companies, ranging from Michigan to Texas.

III. Widening Waves

From then on, Ludwig's whole life has been ships. Starting with almost nothing, Ludwig built up his shipping empire step by step—from chartering to building small ships to supertankers.

When he was 23 years old, he chartered a small tanker from the U.S. government, operated it along the East Coast for several years until it was lost in an accident. Then he bought three beat-up government ships, converted them to tankers, sold one to the Norwegians to convert to a whaler, used the money to buy five more cargo

ships to turn into tankers. He would charter a tanker to an oil company, borrow against the charter for operating and working capital.

• **Builder**—In the mid-1930s, Ludwig started building his own ships, and in 1941 opened his first wholly owned yard—Welding Shipyards, Inc., in Norfolk, Va. He built 18 tankers—eight of them for the government—between 1941 and 1949, when he closed the yard. Bit by bit, he got a reputation for building ships cheaply. He would buy old ship machinery—for instance, boilers from the burned Morro Castle and from the Navy—and keep facilities at a minimum.

As World War II approached, Ludwig continued making tankers out of cargo ships—operating some, selling others. He also built several ships at Mobile, Ala., where he had connections with Alabama Dry Dock & Shipbuilding Co. His own fleet grew rapidly. In 1939 he owned nine ships (94,076 tons); by the end of the war, 11 tankers (207,508 tons). After the war, he bought 11 surplus government T-2's for \$1.6-million each.

The postwar period was the final stage of his climb. Big New York and Boston banks that had helped him earlier—such as the Chemical Bank & Trust Co. (now Chemical Corn Exchange Bank) and the First National Bank of Boston—put their full weight behind him. In return Ludwig, not long after the war, appointed several bank officers as National Bulk directors.

• **New Field**—In 1954 Ludwig stepped into a new field—roll-on, roll-off trailer ships—a venture that coincided with his new interest in reviving the dying inter-



PRIVATE YACHT of tanker king Ludwig cost \$2-million, has entertained Ibn Saud.

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Each year, thousands of American businesses suffer from raids on their company bank accounts. Part of the annual \$500,000,000 loss from check fraud is caused by trusted employees working from within. And, in almost every case, the staggering losses could have been prevented by careful, systematic disbursement controls.

Based on 57 years' experience in check control methods, The Todd Company has prepared a booklet outlining 44 ways to protect your company's bank account. It points out dangers to your company funds and effective ways of dealing with them.

Write us on your letterhead for free, valuable booklet "Disbursements—their use and misuse" which describes 44 ways to protect your company's bank account. **WRITE NOW.**



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coastal trade between the U.S. West and East Coasts.

American-Hawaiian Steamship already had coastal operating rights, so Ludwig bought some 70,000 shares from the Lapham family. In May, 1955 he brought his holdings to 150,000 shares and full control through an offer to other stockholders at well above market price. He has disposed of the company's seven ships, and early this year asked U.S. shipyards to bid on 10 big trailer ships.

• **Hedge**—Ludwig's cross-Pacific venture into shipbuilding at Kure proved to be one of his smartest moves. Recently, however, with the shipping boom jamming the once-empty Japanese yards, Japan has been agitating to get Kure back.

But Ludwig has got himself a good hedge against troubles over Kure. Last year, he signed an agreement to build a \$50-million shipyard at Freeport on sunny, tax-free Grand Bahama Island. The yard will do double duty in repairing big tankers and building new ones. The Bahama project includes channel dredging, housing for workers, transfer of some 800 skilled workers (with families) from Japan, and the construction of a lime plant of 100,000 tons capacity and a cement plant double that size.

• **Spreading Out**—These two plants are typical of Ludwig's recent tendency to spread out into activities only indirectly related to shipping. He has other projects of this sort in the works. Two of the largest are:

• Construction of a \$22-million, 55,000-bbl.-a-day oil refinery and an \$11-million byproduct chemicals plant in Panama. The likelihood is that Ludwig will import Venezuelan crude, re-export refined products. The operation reportedly is exempt from all taxes, with the exception of a 1¢-a-bbl. levy on crude.

• A salt evaporation project in Baja California—about 350 miles south of San Diego at Black Warrior Lagoon. The underground salt brine there is about 30% salt, against about 3½% in ordinary sea water. Ludwig is putting \$1.5-million—possibly twice that—into building a community town and salt plant. He reportedly plans to sell pure sodium chloride to Canadian newsprint mills, and to customers in Japan and India.

That's not all of Ludwig's activities, either. About four years ago, he bought a 200,000-acre tract in Venezuela south of U.S. Steel's big Cerro Bolivar iron mine.

He now has around 5,000 head of cattle on this ranch, called Hato Vergarena, and is trying mechanized rice-growing. He also has his eye on developing timber land he owns in the Orinoco delta. **END**



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Efficiency and Bassick casters go together in the Republic National Bank of Dallas' new 40 story building.

Here in the fourth floor accounting, bookkeeping, mail and transit department, they're equipped to handle 290,000 individual items of business a day! Part of that equipment is the forest of business machines you see above. Both the mechanical bookkeepers and the human ones (in chairs) are on Bassick casters.

Bassick casters belong in a Merit-award-winning "Office of the Year" like this one. There are styles and sizes for every application. They roll and swivel easily and quietly. They protect floors. They give years of service with minimum maintenance.

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In Business Abroad

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Egyptian Cotton Swapped for Red Arms Is Reaching Western European Markets

West German businessmen last week confirmed a long-standing rumor: Egyptian cotton, bartered for Czech guns and armaments, is being resold by the Communists in Western European markets.

No figures are available yet on just how much cotton is moving to market this way. But Albert Degener, secretary-general of the West German Egyptian Chamber of Commerce, says that the amounts bought by West German companies are substantial. Degener blames these large purchases for the disequilibrium in payments between West Germany and Egypt, arguing that the Egyptians aren't able to pay for German products because their cotton flows through the Czechs.

Liverpool cotton brokers report that the cotton is reaching West Germany at 10% discount. But one U.S. cotton broker says that's not such a bargain, since the Egyptians—in their present critical financial situation (BW—Jan. 26 '57, p168)—are willing to sell cotton at an 18% discount.

• • •

Sicily Woos American Investors To Finance Island's Program

A Sicilian government-business study group paused in Pittsburgh last week, under the sponsorship of Gulf Oil Co., to tell Pennsylvania traders about the advantages of locating on the Italian isle.

Whether by accident or by design, the Sicilians arrived at a time when some U.S. investors—Gulf, for example—are a little disenchanted with business conditions on the mainland. Gulf recently announced it was pulling out of oil development on the Italian boot because of the government's development policies (BW—Jan. 26 '57, p167). The Sicilians hope to attract other U.S. investors, claim to have interested Monsanto Chemical Co. in the possibility of locating a plant there.

Sicily's big come-on is the fact that it has its own laws covering business and foreign investment. The Sicilians hope to invest \$15-million in their industrial program—half of which they hope will come from the U.S.

• • •

Employee Stock Purchase Plan Spreads to African Mining Company

For the first time, a large African mining company is introducing a plan to enable both white and Negro employees to buy shares in the company. Rhodesian Selection Trust, a group of Northern Rhodesian copper mining companies in which the controlling interest is held by American Metal Co. of New York, made the plan known this week in Salisbury, Rhodesia.

Employees will be permitted to subscribe up to a fixed proportion of their wages each month toward buying shares in Rhodesian Selection Trust, Ltd., and Roan Antelope Copper Mines, Ltd.—both of which are quoted on the stock exchange.



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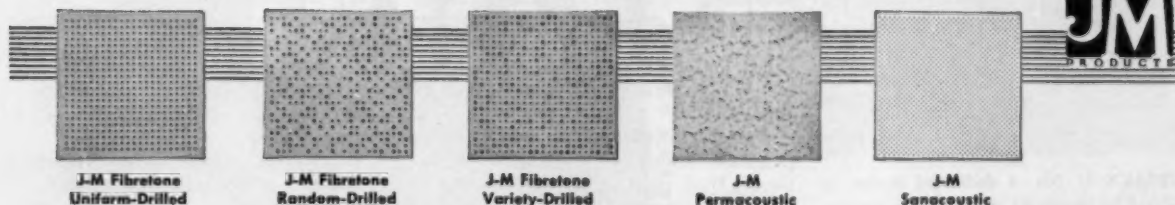
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INDONESIA'S Pres. Soekarno (above) is courting the Communists to strengthen his personal rule, but is opposed by moderates led by ex-Vice-Pres. Hatta (below).



BURMA'S U Nu, a dedicated leader, is hindered by geography and economic dogma.

New Nations Discover Independence Is Hard

Nationalist leaders of Indonesia and Burma (left) among others are learning that freedom from colonial rule brings a host of new problems.

LAST WEEK Vice-Pres. Richard M. Nixon was in Accra welcoming Ghana into the family of nations. Like so many of its sister states from Morocco to the Philippines, Ghana's independence is a result of the revolution that has swept across Asia and Africa since World War II. The revolutionary movement seeks to free subject people from the bonds of 19th Century colonialism and introduce them to material progress (BW-Apr. 7 '56, p119).

• **Changing Outlook**—The determination with which the rulers of these newly independent countries approach their problems was demonstrated when they gathered at Bandung in 1955 for the Conference of African and Asian Nations (BW-Apr. 30 '55, p134). Since Bandung, two developments have taken place in world politics that change the outlook for the fledgling nations:

• The Soviet regime has demonstrated it is prepared to maintain its hold on people now under its domination and is ready to fish in the troubled waters of nationalism in the Middle East. (The implications of the Soviet repression in Hungary is something no Asian or African can ignore.)

• The U.S., by opposing the Anglo-French-Israeli invasion of Egypt, is bending over backwards to prove its anti-colonialism is real and not just a propaganda maneuver.

• **Problems of Independence**—The months since Bandung have also proved something else—less pointedly, perhaps, but just as conclusively. It is that the problems facing new nations are greater than leaders imagined and that finding solutions will not be easy.

India, held together by a veteran civil service, an ancient culture, and a brilliant, dedicated leader in the person of Nehru, has made a success of independence. But things have not gone so well in other countries. Events in Indonesia this week seem to indicate that the country is disintegrating despite the presence of a would-be "leader." And Burma is facing political and economic crisis despite the labors of a leadership as dedicated as India's.

• **Power Vacuum**—The newly independent nations will continue to struggle for their right of self-determination. But they cannot fill the vacuum left

by the withdrawal of their colonial masters immediately. That means that the West, and particularly the U.S., must find a way to prevent Communism, which has particular appeal to underdeveloped countries, from filling the void and snuffing out the long-awaited freedom of the new nations.

A look at events in Indonesia and Burma, both potentially rich and prosperous countries, indicates how delicate a role Washington must play.

I. Indonesia

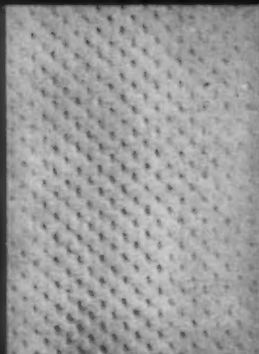
The confusion and discord that now reign in Indonesia demonstrate how difficult it is for new nations to establish stable, representative government. Last week the Communists came close to assuming a commanding place in the government. They failed, principally, because the proposal of Pres. Soekarno to establish "guided democracy"—with Communist participation in a ruling council not responsible to Parliament—flopped. Soekarno's proposal, plus a series of revolts by army commanders and local politicians in Sumatra, Borneo, and the Celebes, galvanized Indonesia's long-suffering anti-Communists into action.

• **Threat of Civil War**—Led by former Vice-Pres. Mohammed Hatta, they indicated to Soekarno that adoption of his plan would lead to civil war, a war in which large segments of the army would fight with the anti-Communists.

This week Premier Ali Sastroamidjojo, Soekarno's stooge, resigned. The new government perhaps will incorporate some of Soekarno's proposals in modified form. But it seems probable that Hatta and the anti-Communists will prevent Communist participation in the government.

Still, it's unlikely that this week's decision is more than a pause in the drive of the Communists for power. They are the country's fourth largest political party, probably its best organized and financed. Whether with his eyes open—as every piece of evidence indicates—or in complete naivety, Soekarno has been their stalwart ally in recent months.

• **Breakdown of Authority**—Nor does the defeat of Soekarno's scheme solve the problem of where Indonesian par-



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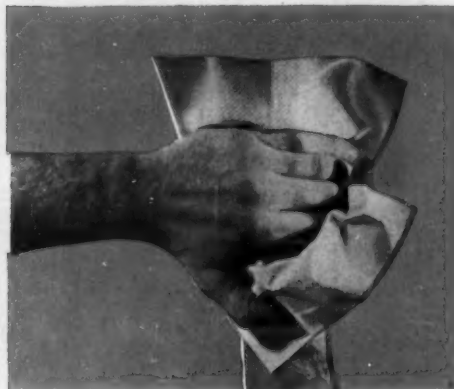
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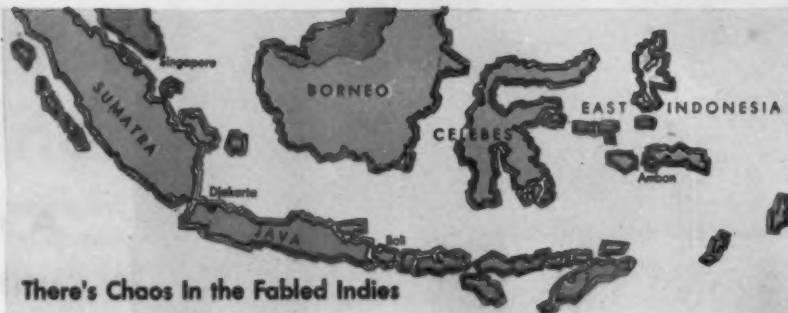
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There's Chaos In the Fabled Indies

liamentary democracy is heading. Revolts in all of the outer islands—many of them triggered by the latest events in Java, but owing their origins to other problems—have made the central government all but powerless to operate outside of Java. Even in West Java, guerrilla gangs of Moslem fanatical dissidents sack towns and villages and defy government authority.

• **Basic Difficulties**—The anti-Communists will have a difficult role to play if they are to perform the historic function of unifying the country. The 17 years of disintegration that have occurred since Japan overtook the Dutch rulers in the old Netherlands East Indies has taken its toll.

While the West might take some measure of comfort from the fact that at long last Indonesia's anti-Communists have committed themselves to battle against the powerful Communist party, the root of the trouble goes deep.

• **Diversity**—Fundamental is the fact that Indonesia is not a homogenous society. Its 3,000-odd islands—stretching further than from New York to San Francisco—and its 82-odd-million people have little in common. The peoples range from the sophisticated Javanese in eastern Java, with a high-level of culture dating back thousands of years, to the Dayaks of Borneo, a stone-age people. They speak 15 or more major languages, hundreds of dialects. Among them are devout Moslems in West Java, Calvinists in Ambo, Hindus in Bali.

Indonesian nationalists who fought the Dutch rule with increasing vigor after World War I always hoped they could weld a single people, a single nation from all the peoples ruled by the Dutch for more than 300 years in the Netherlands East Indies. Political awareness came slowly to an essentially quiet, rural society. But when the Japanese conquered the Indies in 1940, nationalism flared. The Japanese did everything they could to encourage it.

• **Fight for Freedom**—Out of this Japanese tutelage—and the severe suffering of the Indonesians under Tokyo's rule—came the fight for freedom against the Dutch. By 1945, Soekarno, a prewar nationalist agitator installed by the

Japanese as a puppet leader, had made his government respectable with anti-Japanese like Soetan Sjahrir, an uncompromising Dutch-educated socialist.

The moderates in the nationalist movement, like Sjahrir and Hatta, another prewar revolutionary, sought a modus vivendi with the Dutch. They knew they neither had the skills nor the technology to keep Indonesia's government and agricultural industry going. Furthermore, they feared the 40-million Javanese would come to dominate the new country.

• **Defeat of Moderation**—These moderates wrestled with the radical nationalists in the movement—and lost. Soekarno bore a large part of the responsibility for the defeat of the moderates. He used every demagogic trick to keep as much personal power as possible—talked about independence, colonialism, and nationhood, but not of work, responsibility, and reconstruction.

Soekarno's jingoism was matched by Dutch intransigence. While some Dutchmen sought a compromise that would maintain a relationship between Holland and the island empire as co-equals, a militant Dutch minority took the lead. It tried a brutal repression in 1948's "police action," spelling the death of moderation on both sides.

• **New Nation**—The U.S. played a dominant role in devising the final solution. Washington pressured the Dutch into giving up their colonial holdings, into turning sovereignty over to a "United States of Indonesia."

But the long delay that preceded settlement had disrupted the fabric of Indonesian society. Within a year, the nationalists—with the Communists in the lead—had junked the "united states" concept and substituted a "unitary state." Thus, once again Indonesia had a highly centralized government—but it did not have the armed strength or the 30,000 man administrative staff of the Dutch.

The Communists made hay in the steadily deteriorating situation. By 1955 when the first elections were held (BW—Oct. 15 '55, p172), they had managed to build a powerful machine. Despite their latest setback, this situation remains made to order for them.



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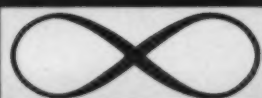


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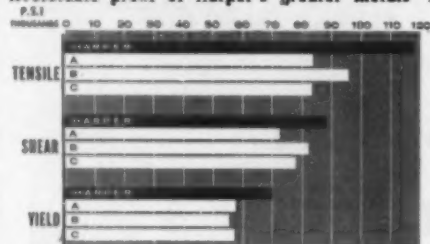
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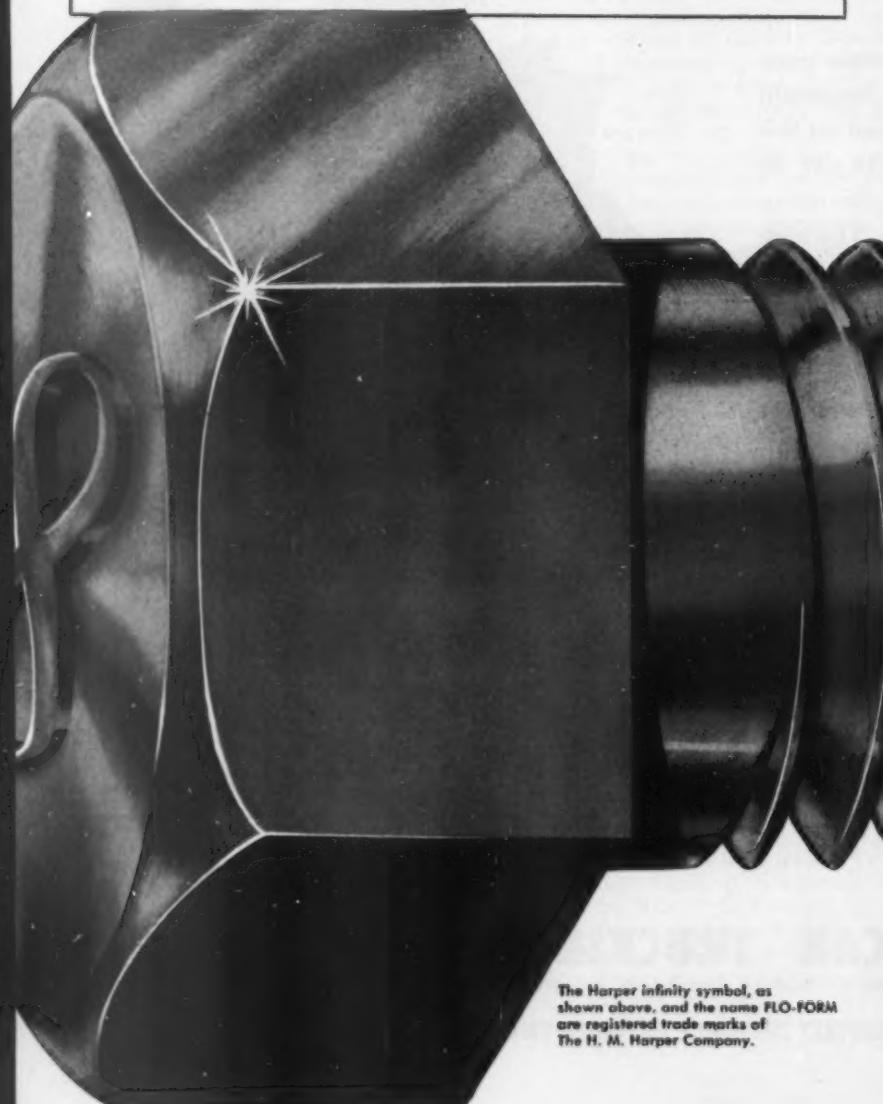
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(Story starts on page 112)

2. Burma

Early this month Burma's smiling statesman, U Nu, returned to the Prime Ministry. Nu stepped down from the post voluntarily last year after the Communist-supported candidates piled up a big vote in the 1956 election. His intention was to conduct a grassroots campaign to strengthen the still ruling Anti-Fascist People's League. The political gains made by the Communists in the election were looked upon as a major catastrophe for Nu and his government since Rangoon has been fighting a grisly war with Communist guerrillas for nine years.

• **Crisis**—Now Nu is back at the helm because Burma is facing a crisis in the coming year that may mean survival itself. Burma's geography is partly responsible for the crisis: To the north is Communist China, ready to gobble up the raw materials of southeast Asia. And to the west is India, under Prime Minister Nehru, Rangoon's best friend, but long a source of expansionist pressure.

If Nu can't put Burma's house in order soon, the country may not be able to withstand the outside pressures. Nine years after achieving independence from Great Britain, Burma remains one of the few countries of the world that has not regained its prewar production levels. Since the war, its population has grown some 20% (best guess is it now has 20-million people), but per capita production is lower than prewar. Government spending is eating up more of the national income than did Britain's prewar colonial rule.

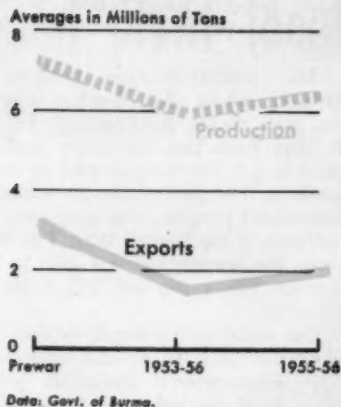
• **Fixing the Blame**—You run into complications when you try to fix the blame for these conditions. Colonialism left Burma a geographical monstrosity—a nation with no industry, with diverse and non-integrated racial groups, a government but no civil service to serve as a base. The Japanese during World War II wreaked more havoc in Burma than in any other country they invaded.

But Rangoon's own attempts to "Burmanize" the country helped bring on the civil war, deprived the nation of sorely needed foreign technicians and capital. And the unbending, outdated Socialist policies of the AFPL leaders have led the country up economic blind alleys.

There is a real danger that in the months ahead the Burmese people—tired of civil war, an oppressive tax burden, the economic muddle, and lured by Communist promises—may turn against Nu and the AFPL. Then Communist China might swallow up the little state, threatening the whole Free World position in Asia.

• **Burma's Treasures**—How to help Nu

Rice: Index to Burmese Prosperity



is Washington's problem. An index of its resources shows why an independent non-Communist Burma is so important to U.S. foreign policy in Asia. Even today, with only one-third of the arable land under cultivation, Burma still is Asia's largest rice exporter (see chart on page 117). Asia—particularly Communist China—needs Burma's rice.

Burma also has largely untapped lead, tin, tungsten, and zinc resources. The country produces enough oil to meet its own needs, but might find more under a modest joint exploration program between the government and Burmah Shell an Asian subsidiary of Royal Dutch Shell. Iron ore is plentiful, if now inaccessible. Teak and hardwoods are plentiful. There is even some uranium.

It was these treasures that excited the Communists after World War II. Hardly had Burma gained its independence when the Burmese Communists revolted. The Communists were joined by the Karens, a racial Christian minority chafing under the Bhuddist Burmans.

• **Outdated Economics**—It would be hard to decide whether the Communist-Karen insurrection has cost Burma more than the crippling economic policies of the AFPL. Curiously, it's the dogmatic Socialism of the Rangoon leadership—especially U Kyaw Nyein, deputy prime minister—that gives Burma a clear-cut foreign policy and muddled domestic economics. The Burmese are determinedly neutral, but not "neutralist." They left the Afro-Asian bloc during the U.N. debate on the Hungarian repression to take the side of the Hungarian workers against Moscow. They have also refused to be taken in by Egyptian Pres. Nasser and have made it clear they would not vote for sanctions against Israel.

At home, the AFPL's Socialism has meant a program aimed at government ownership of the means of production,



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based on 19th Century Marxian doctrine. The government has set out on a program to industrialize the country, spending \$100-million annually. Yet many projects haven't been finished, most are operating at extremely high costs.

The industrialization program is financed out of the difference between the price the government pays for rice it buys from the cultivators and the price it gets for the rice sold on world markets. The start of the government's investment program coincided with the outbreak of the Korean War. For three years, the government was able to buy rice for \$56 a ton and sell it abroad for \$168.

But world prices began to slide immediately after the Korean settlement. The government's marketing procedures were too inflexible to adjust to the new situation. Stocks of rice mounted—at one time reaching 2-million tons, which was more than storage facilities could hold (BW—Nov. 6 '54, p142). U Nu made a trip to the U.S. in the hope Washington could think of some way to help him out. But he proudly refused to ask for help. He went home empty-handed.

• **Bad Deal**—That was the situation in late 1955 when Bulganin and Communist Party Khrushchev toured Burma at U Nu's request. The Russians magnanimously offered to take rice off Burma's hands in a barter deal. Within a year, Burma had shipped 250,000 tons to Russia. But Moscow sold the rice at discount to Burma's Asian customers, shipped goods Rangoon couldn't use. Ruble credits piled up in the Communist bloc countries for Burma. Meanwhile, the world rice market turned and there were customers with cash for Burmese rice.

• **Inflation Troubles**—Then inflation beset the country. By last summer it had barely been checked. Now Nu and his advisers hope to roll prices back with a program of imports using a \$25-million loan from the U.S., a \$42-million credit from India, and a \$20-million loan from the World Bank. But prices are still rising.

The rice cultivator, the backbone of the country, is being squeezed. He gets three times the prewar price for rice, but pays five times more for everything he buys. He doesn't understand the government program.

• **Outside View**—An American working in Burma sized up the situation this way: "Poorly governed in the first decade of life, Burma gives every indication of being ready to slip under domination of some outside force. If it is not to go to the Chinese in some form, the U.S. will have to move rapidly, flexibly—and perhaps most difficult—indirectly. More money is not necessarily the answer." **END**

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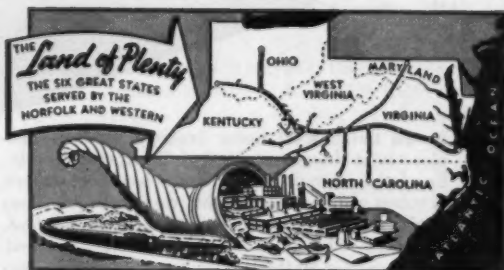
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Sleek, scratch- and stain-resistant laminates are used for desk tops. For the core of these tops, BAKELITE Brand Phenolic Resins provide dimensional stability, strength, moisture resistance and a positive bond. These laminates are also used for economical, easy-upkeep counter tops.



Here's the newest better building product—one-piece rigid drawers molded of BAKELITE Phenolic. For desks, room dividers, store shelves, bookshelves, in scores of handy places, they do a great job. They won't warp or stain. They resist moisture, heat, chemicals. They're seamless and smooth-finished. And they offer all these advantages at actual savings in cost over quality drawers of conventional construction. Any style drawer-pull is easily attached and there are molded-in channels for drawer dividers.



Furniture upholstery coated with BAKELITE Brand Vinyl Resins lasts longer, keeps bright colors brighter longer. Other advantages include ease of cleaning, superior scratch and scuff resistance. Wall coverings surfaced with vinyl resins provide easily-maintained, luxurious room decoration.

For style, service, beautiful designs and colors, and long years of easy upkeep, flooring made of BAKELITE Brand Vinyl Resins is the new standard. Tough for long wear, resilient for comfort underfoot, it's the type of flooring preferred by those who want the most in beauty teamed up with economy.

First in the world of plastics

DID YOU KNOW? The intricate 3-dimensional map on the wall above is made of BAKELITE Rigid Vinyl Plastic by vacuum-forming . . . a process that offers great benefits for many types of products. BAKELITE Resins are also in the finish for the wall paneling, make the unbreakable recording discs in the dictating machine and are used in glass fiber reinforced plastic chairs.



See BAKELITE's exhibit, Pacific Coast Plastics Exposition, Los Angeles, Calif., March 18-21

BAKELITE COMPANY, A Division of Union Carbide and Carbon Corporation **UCC** 30 East 42nd Street, New York 17, N. Y.
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PRODUCTION

Testing of firefighting equipment like this aerial ladder is a matter of life and death. Fire apparatus builders try to standardize where possible, but they lavish hand work on their products to insure all-out performance under the most rugged conditions.



Fire Engines:

"The trouble with fire engines," says G. J. Halpin, vice-president of sales for American La France Corp., "is that they almost never wear out." From a salesman's point of view, motorized fire apparatus does have a painfully slow rate of turnover, yet fire apparatus shops like those of American La France in Elmira, N. Y. (pictures) are chewing away at a healthy backlog of orders.

The busy shops are evidence that nowadays the fire engine salesman's lot is quite a happy one, even if he is likely to be wearing a 20-year service pin before he gets a significant volume of replacement orders on his own sales. His prospects are good for three reasons: population growth, general prosperity, and the residential and industrial shift to the suburbs, which has required more fire stations, more fire engines. Then,



Mass-Produced in a Small Way

too, airfields and large industrial installations such as refineries and chemical plants are buying many special fire trucks for private use.

• **Small Market Still** — The total number of fire engines made per year is a hard figure to pin down.

"If you call a red-painted pick-up truck with an extinguisher in it a fire truck," says one fire engine maker, "I don't know how many you'd have. But I'd say about 3,500 pumpers and aerial ladder trucks were made in 1956."

On the other hand, a spokesman for the National Assn. of Fire Chiefs estimates the annual replacement market

FINAL TOUCH on assembly line is traditional gold lettering and trim that firemen like on trucks.



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American Lustragray—the new, neutral gray tint, glare reducing glass—is in demand by building owners desiring a modern, functional glass for office buildings, factories, schools, hospitals, etc. The use of American Lustragray provides a more comfortable and efficient place to work. It is a very economical tinted glass, and eliminates the need for window blinds.

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- Does not require the special installation handling of other tinted glass

For additional technical data, send for catalog 7-A.

Be sure and use American Lustragray in your new building. It is available nationally through more than 500 glass jobbers. Check your classified directory for listing.

American

* LUSTRAGRAY DATA

- Thicknesses: 7/32", 1/4"
- Maximum Size: 6' x 10'
- Slightly larger sizes on request when available

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FIRE ENGINES starts on p. 122

alone at "about 5,000." And, he adds, "it should be more."

- **Must Be Rugged**—To these men, a fire engine means a big, roaring, red aerial-ladder truck or a pumper that's capable of delivering high-pressure streams of water in volumes up to 1,000 gal. per min. It's a truck of a very special breed, frequently built to custom specifications to suit particular municipal standards and the fire chief's own predilections.

Fire trucks have this in common: They must run wide open from a cold start and be as dependable as the sunrise. During severe fires, pumpers may have to keep running wide open for more than 24 hours at a stretch, drawing on all kinds of water supplies, including silty or salty water. That takes a rugged piece of machinery.

- **The Builders**—About 30 companies in the U.S. make fire engines. They fall into two categories.

- The largest group, the "assemblers," buy parts from various manufacturers and put them together. A few of the assemblers manufacture cabs and chassis; fewer still make motors and pumps.

- The other group, much smaller and very proud of its distinction, is made up of the integrated specialists. They make almost everything themselves, including ladders, pumps, and engines.

- **Leader**—Heading the list of "custom builders" is American La France Corp., a subsidiary of Sterling Precision Corp., which turns out between 300 and 400 custom pumpers, 50 aerial ladder trucks, and over 300 commercial chassis conversion jobs per year. Fire engines alone account for about 60% of the company's sales, currently running at \$18-million annually. The balance: Foamite fire extinguishers, fire protection systems, and other commercial and institutional fire fighting equipment. Sales directly to municipal and volunteer fire departments account for about two-thirds of American La France's business. The rest come from industrial customers.

This year for the first time in its 115-year history, the company will tackle the consumer market with a Fire Underwriter's approved, dry-powder fire extinguisher designed for home use that sells in the \$20 range. James F. Connaughton, president of American La France, believes there is a tremendous market for the device. He claims there is not now on the market a fire extinguisher that is both non-toxic and non-staining and has sufficient extinguishing power to put out a household fire and prevent flashback.

But American La France's prime interest is in making fire engines, and



INDUSTRIAL

market for pumpers comes from chemical and oil companies. This series 800 pumper was built for Esso's new Cuban refinery.

AIR CRASH TRUCKS

also are providing American La France with a new source of business. Air Force ordered this model.



that is the area where it concentrates its engineering and production efforts. To keep a position of leadership in the fire apparatus field, it has to stay ahead of both specialized competitors and companies with resources in more diversified lines.

- **Competitors**—High on the competitive list is Seagraves Corp., Columbus, Ohio, a "custom builder" that turns out between 200 and 300 pumpers and aerials per year for a gross sales of some \$6-million. Like its chief competitor, Seagraves has built up a regular clientele in cities that have standardized on one manufacturer's equipment. Detroit, for example, is a "Seagraves town," and has a regular replacement contract with Seagraves on a 15-year life cycle rotation of equipment.

Mack Trucks, Inc., another strong company in the fire engine field, has

recently enlarged its fire apparatus division and is going after a bigger share of the fire engine business. Mack's fire engines are built on a highly modified, sturdier truck chassis, and are powered by specially adapted truck engines developing up to 262 hp. Mack buys its pumps from an outside supplier, however.

Other makers include Ward La France Truck Corp., Elmira (a subsidiary of Glen Alden Corp. that has no connection with American La France); P. E. Van Pelt, Inc., Oakdale, Calif.; John Bean Mfg. Co., Lansing, Mich.; the Four Wheel Drive Auto Co.; Peter Pirsch & Sons; Howe Fire Apparatus Co.; and many other shops that will adapt standard trucks to fire fighting equipment.

- **Need for Efficiency**—With a good number of assemblers as well as fire



Self-Dumping Hoppers permit fast scrap handling

The scrap disposal job is no headache for the Goss Printing Press Co., Chicago. They discovered a way to convert an inefficient salvage operation into a fast, economical scrap disposal procedure. Forty-one Roura Self-Dumping Hoppers, mounted on casters, are located throughout their plant serving as scrap containers. When the scrap-laden Hoppers are ready to be emptied, they are easily

pushed into an aisle. A standard lift truck carries them to a waiting freight car. There, with a flip of a latch, each Hopper dumps itself . . . rights itself . . . locks itself . . . and is quickly returned to its station.

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equipment specialists ready and willing to bid on municipal fire apparatus contracts, companies like American La France have to keep a close watch on production efficiency to hold costs in line. "For small orders involving one to five machines," says Connaughton, "we can look for a satisfactory return on the prices we ask in our bidding and we feel we get our share of those jobs. But when the order gets over six engines, everybody piles in bids and profit margins really get squeezed. We won't consider a job at a 5% or less profit margin unless we are in really bad times. And you certainly can't call these bad times for fire engines."

Connaughton came to American La France as president only a year ago, bringing with him plenty of heavy equipment manufacturing experience from his previous post as vice-president and general manager of Baldwin-Lima-Hamilton's Eddystone Div. He did not make immediate sweeping policy changes, but has guided a program aimed at standardizing the design of his company's product without jeopardizing its appeal to fire chiefs.

Connaughton believes American La France is in better shape today to take on competition than it has ever been, despite increased costs for producing trucks in low volume to special order.

• **Backlog of Orders**—The company has a backlog of orders now for over five months of production to keep its 750 production employees busy. It takes about 120 days to turn out a pumper, 150 to produce a more complex aerial truck. And because engines, pumps, chassis, and almost all accessories are made in the home shop, American La France requires all the skills of automotive manufacturing, plus carpentry, pipefitting, and some other

Mark of a New and Deadly Guided Missile



"Sidewinder" is the Navy's newest air-to-air guided missile. Flight tests have proved the missile to be as vicious as the desert rattlesnake for which it was named.

In brilliant performances against airborne targets at China Lake, "Sidewinder", Navy's new air-to-air guided missile, has captured the attention of the entire missile industry.

Simple in operation, small and light enough to be carried in quantity by single-seat Interceptors, "Sidewinder" can be fired singly or in salvos. It requires no complex launching system or special pilot training, and it maneuvers deftly at supersonic speeds. The missile displays extremely high single-shot accuracy—and even more important, *it can be launched*

well beyond reach of the target aircraft's defense.

"Sidewinder" was developed by the Naval Ordnance Test Station of the Navy Bureau of Ordnance at China Lake, California. Philco assisted NOTS in the research and development program, and performed the subsequent engineering required for manufacture of the missile. "Sidewinder" is now in full production at the Philco Government and Industrial Division.

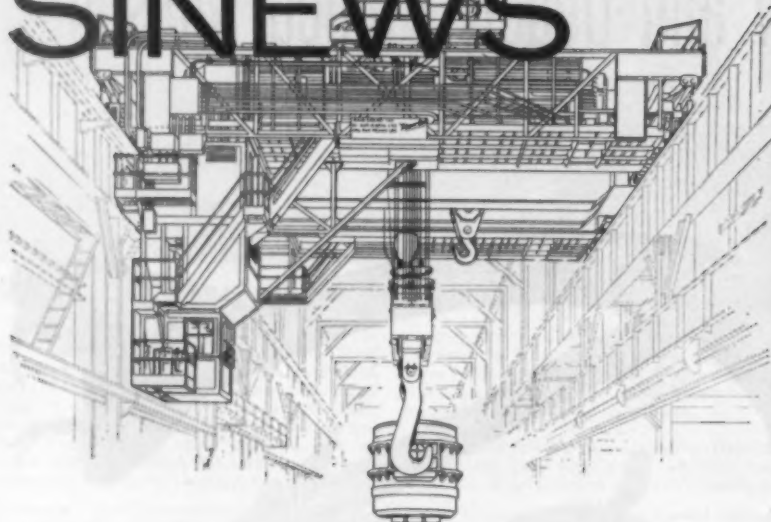
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STEEL SINEWS



GIVE STEEL A LIFT

Cranes are the "steel sinews" that mills must have to produce and process tremendous steel tonnage every day. To design and build the many types and capacities needed frequently requires specialized crane engineering talents and huge manufacturing resources. That is one of the big reasons why this giant ladle crane is a product of Shaw-Box. It is a 4-girder, double trolley crane with 9 motors and a 54-foot span. The 90-ton ladle carries a 200-ton load of molten steel. Integrated in the massive crane is an auxiliary lifting unit. Control is so fine, the 290-ton loads are handled with the utmost precision and safety.

Shaw-Box has been building general and special purpose cranes for industry for nearly three-quarters of a century. The first multi-motored crane was designed by Shaw-Box engineers. Numerous long-established standards in crane manufacture first took visual form at Shaw-Box. Whether a crane is needed for an atomic energy project or a zinc mine, Shaw-Box has the experience and facilities to meet the most exacting specifications. We have produced cranes of every type and capacity to help industry reduce load-handling costs. Whatever your crane requirements, our engineers welcome the opportunity to work with yours to make certain performance, safety and economy surpass expectations. We invite your inquiry.

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PUMPING EQUIPMENT is tested at American La France's experimental station.

specialties. As a result, the proportion of skilled labor in the plant is exceptionally high.

Because radical model changes are infrequent, American La France can get along very well with an engineering and development staff of about 150. These employees, too, boast a variety of skills—from hydraulics to internal combustion engines to structural engineering.

- **Standard but Flexible**—Last winter, the first fruits of the standardization program appeared in the form of a brand new line of pumpers called the 800 series. "We reduced our product line from 15 different models of pumpers to one basic body," says Connaughton, "but we can still give the fire chief every special feature he wants without making a single significant structural change. We took all our older models, put all their good features together, and made sure there was provision for the alternatives we are commonly asked for."

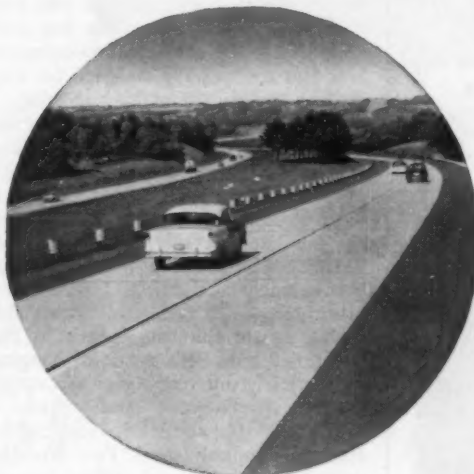
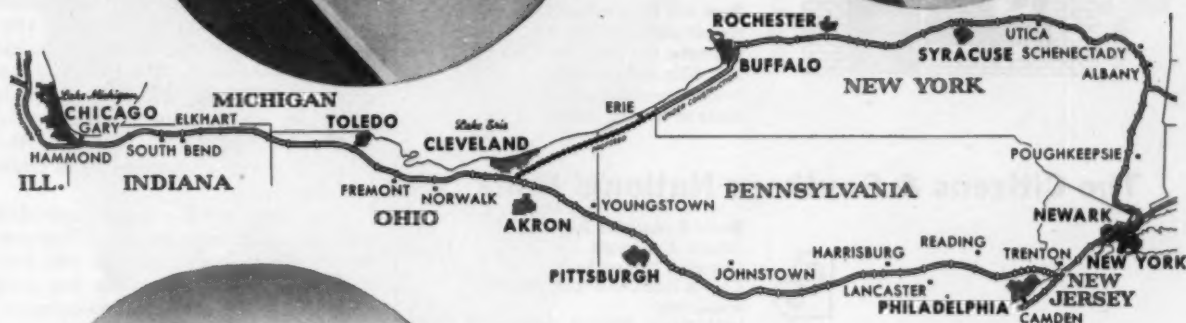
- **Variations**—Some of the variations of the model 800 include optional front or back suction and discharge (for rural units that have to run up to a fire pond for their water supply); right or left pump controls (the chrome and brass gauges, valves, and hose connections on the side of the pumper); optional open or enclosed cabs; and a wide choice of hose reel mountings, water tank capacities and equipment storage space. Providing sufficient space for a modern smoke eater's gear is proving quite a challenge. You've got to pack all sorts of nozzles, chemicals, protective clothing, respirators, gas masks, walkie-talkie radios, and other gadgets in addition to the crew and its traditional pikes, axes, hose, and ladders.

- **New Pumps**—American La France engineers designed two new centrifugal pumps for the standardized series. One,

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The opening of the Indiana Toll Road permits you to drive from Chicago to New York without slowing down for hills, traffic or curves—and without stopping, except to eat, sleep or gas up. You can do this more *safely* and still save precious time—up to a day between the two cities.

You'll find roadways separated for traffic in each direction, limited entry and exit points, broad curves, easy grades, long sight distances and grade separations for cross traffic. These roads are a preview of the fine highways to be built on the National System of Interstate and Defense Highways.

The Interstate System should be built with concrete. That's because concrete usually costs less for heavy-duty roads, costs less to maintain, serves longer and is much safer. It's skid-resistant, *even in the rain*. Its light color affords vastly better nighttime visibility.

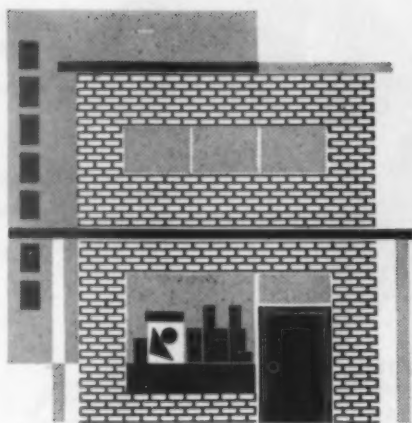
Add to the above, three great new improvements: (1) a thin granular layer providing a stable foundation under the slab in all weather; (2) air-entrained concrete to end surface scaling; (3) thin, almost invisible, sawed joints that give you the smoothest ride ever.

A great new day is dawning for the highway user. But this construction job poses tremendous problems for highway engineers. Support them. The permanent benefits you will enjoy will far outweigh any temporary inconveniences.

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Aid legal departments
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Tachograph charts provide your legal department with factual information that can be helpful in eliminating costly court cases and in settling accident claims. Tachographs record on easy-to-read wax-coated charts, the complete performance story: when truck started—speed and distance traveled—duration of stops—and idling time. They encourage safer, more efficient driving practices and in the event of accident, furnish

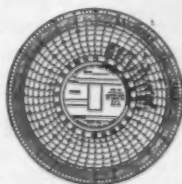
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SS7-6

rated at 350 gal. per min. actually can throw as much as 500 g.p.m. wide open. A 750-g.p.m. model tests out at about 1,000 g.p.m. These two pumps replace eight previous models. The pump design allows installation of controls on the left or right side, with no difference in cost or structural change. Because pumps are made in bronze (more expensive but resistant to corrosion from impure water) or iron, the company actually turns out four models, compared to 16 previously. Most fire departments specify bronze pumps.

The number of engine options has not been changed. American La France's own engines—big 12-cylinder brutes—go into about 85% of the custom models that the company builds for fire departments. The largest of the engines, developing 275-hp., can push the heavy trucks along at speeds over 65 mph. and breeze through the toughest pumping assignments at cruising throttle.

The only other fire engine specialist that makes its own engines, Seagraves Corp., also makes 12-cylinder jobs that develop up to 300-hp. The big dual ignition 12's are relatively low-compression and are specially designed for easy starting and consistent long running.

• **Final Assembly**—The move toward more standardization gives the final assembly line at American La France's plant an appearance of mass production, but a close examination of the trucks in the final steps reveals many subtle differences. Placement of signals, lights, compartments, running boards, and other accessories is almost always different, as are the trim details in the traditional gilt. "It's a case of hanging a completely different set of accessories on each chassis," says Connaughton.

Usually, four lines are running in the final assembly shop. Two take the custom pumpers and other special models, such as airport crash trucks; the third is lined with commercial chassis from Ford, GMC and others, getting new rear quarters and pumps installed; and the fourth is for the aerial ladder trucks.

• **Aerial Jobs**—Aerial ladder trucks—both the four-wheeled variety and the larger tractor-drawn models with the tillerman's seat perched high on the rear—are the masterpieces of the fire engine maker's art. And they are the most costly. A commercial body pumper sells in the \$12,000 range, a custom pumper from \$18,000 to \$20,000 depending on accessories. But a big aerial runs as high as \$35,000.

American La France, like most aerial ladder truck makers, makes its own welded steel ladders. They are strong enough so that even when the longest ones are extended their full 100 ft., they will support both firemen and a heavy

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Producing small tubing to unusually close tolerances has always been a Superior specialty. Here the outside and inside diameter tolerances are held to within one thousandth (.001) of an inch, and concentricity is within 5% of single wall thickness. When inserted through the arbor, the second-hand pinion must turn smoothly and without shaft play, assuring a proper mesh with the gear that turns it. Though very small, the tubing has high strength (and excellent machining properties), can be readily fabricated. It is supplied to U.S. Time in 6 to 10 ft. lengths. Whatever your tubing problems may be, bring them to Superior. Our facilities and years of experience, unsurpassed in the small tubing field, are at your service. For more information, write for your free copy of Catalog Section 30, Superior Tube Company, 2009 Germantown Avenue, Norristown, Pa.

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duty hose and nozzle. That's why aerial ladders are rapidly supplanting the old extension water towers that are still in use in some cities.

• **Tests**—As the fire trucks roll off the end of the assembly line, they are put through a rugged series of tests in the presence of an inspector from the National Bureau of Fire Underwriters. The pumpers are calibrated for capacity by pumping water from one underground tank into another, and iron weights on the aerial ladders wring them out under load. After a lengthy road test for performance and pick up (a fire engine can give most passenger cars a run for their money in jack rabbit starts), American La France conducts further pumping or ladder tests at its own experimental station.

After a touch up from the trim department and a final polishing job on the paint and chrome, the truck is ready for delivery. Some are shipped by train, but a surprising number are driven to their fire station.

• **Crash Trucks**—While municipal equipment is the backbone of fire engine sales, the air age has produced a brand new market for fire apparatus—the airport crash truck.

Crash trucks have to get to the scene fast, and move in with foam flying, perhaps through a small lake of burning fuel. So they are equipped with two separate engines—one to drive the truck wheels and one to run the pumps. Smaller crash trucks built on a four-wheel chassis sell for \$28,000 to \$30,000 and larger six-wheelers cost \$58,000. Crash trucks for the Air Force, which must operate in temperature ranges encountered in the Arctic, cost about \$70,000 each.

Just last month, the Air Force awarded American La France a contract for nearly \$7-million to build crash trucks. And others are on order for airlines, airports, and aircraft plants.

• **Forward Design**—One identifying characteristic of all new American La France trucks is the cab-ahead-of-engine body configuration. Built with the engine cradled amidships, the pump and wheel drive shafts are shorter and the driver is out front where he can see to maneuver through traffic. American La France pioneered the out-front driver position, and, at first, had considerable difficulty selling it to fire chiefs.

But impressive records of reduced accident rates (as much as 70% in some cities) and consistently favorable reports on improved visibility and handling from drivers have combined to bring fire chiefs around to a position where many of them now are strongly in favor of the feature. New York City, for example, specified cab-ahead-of-engine design in letting its most recent bids for over 50 pumpers.

Ford Motor Tries Out Two New Turbines

Ford Motor Co. has trundled two of its experimental engines out of the development laboratory and is giving them a chance to prove their pulling power on workaday jobs.

• This week, Ford's free-piston engine made its first public bow on an experimental farm tractor called the Typhoon. The engine is a hybrid type of power plant, with floating pistons that generate high pressure gas to drive a power turbine (BW—Apr. 21 '56, p34).

• Ford's gas turbine engine—a type that many automotive engineers think may replace the reciprocating engine in passenger cars—has been pushing a standard Ford truck around the Romulus (Mich.) proving ground for several months. Ford executives predict that the turbine will be introduced commercially in trucks before it shows up in automobiles.

• **New Idea**—The free-piston powered tractor "may be the forerunner of a totally new concept in farm power," according to Merritt D. Hull, general manager of Ford's Tractor and Implement Div. Ford's director of research, Dr. Andrew A. Kucher, believes the engine is particularly suited for farm use. It will run on a variety of fuels, from gasoline to peanut oil, and can run a long time at fixed throttle settings without stalling under varying loads.

Ford won't discuss its plans to make either gas turbines or free-piston engines for sale. But the extent of research and testing indicates that both have a good chance for commercial production.

PRODUCTION BRIEFS

A coal-burning refinery in Bremen is easing the oil shortage crisis in Europe. By switching its boilers from oil to coal imported from the U.S., the Mobil refinery is making available an extra 700 bbl. a day of heavy fuel oil for other German industries.

• **High-energy boron compounds** for the Navy's jet and missile program will be produced at a \$38-million plant now going up at Muskogee, Okla. Callery Chemical Co., Callery, Pa., is building and equipping the plant for the Navy.

• **Ceramic-type brake linings** for passenger cars may be just around the corner. Marshall-Eclipse Div. of Bendix Aviation Corp. reports progress on its Cerametalix lining, derived from mullite, an aluminum silicate. The lining's big advantages are its ability to stand up under high temperature and its ability to dissipate heat.



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NEW PRODUCTS



Taking Ache Out Of Mail Delivery

Many suburban postmen will be able to make their appointed rounds a lot more quickly and with a lot less leg power than before. That's because the U.S. Post Office Dept. is placing in service 1,500 "Mailsters" like the one above.

The vehicle, manufactured by Cushman Motor Works, Inc., Lincoln, Neb., has three wheels and a 4-cycle air-cooled motor capable of doing 35 mph. The cab is Fiberglas and so is the 40 cu. ft. cargo section. A special shelf in front of the postman holds mail sorted for delivery.

The new vehicles will be deployed in residential areas where postmen now get around on foot or bicycle. Southwestern cities are slated to get 500 of the Mailsters; Southeastern cities, 500; and California, 500.

The vehicles now are being made exclusively for the Post Office at a unit cost of \$917.50, f.o.b. Lincoln. But a similar vehicle is expected to be put on the market for use in business and industry.

A few others will be used in the North to see how they stand up in snow and cold weather. The company is confident that additional units will then be used in Northern cities.

Cafeteria on Wheels

A 204-hp. pushcart that can dispense 1,000 complete hot meals in less than two hours is being produced by Dodge Div., Chrysler Corp. The stainless steel cafeteria unit is equipped with an oven, steam table, coffee urns, refrigerator, and pastry and candy compartments.

The unit, which is 10 ft. 7 in. long and 5½ ft. wide, is mounted on a trolley inside the van of a 1-ton Dodge truck. By pushing a button, the rear doors of the truck open. Another button causes the unit to roll out on its trolley to a fixed position, where it is ready for

business. It is designed for mass feeding at industrial plants, sporting events, and similar affairs. Price: \$6,600.

NEW PRODUCTS BRIEFS

A supersensitive indicator that can measure as little as two parts per million of oxygen in hydrogen or inert gases despite the presence of up to 3% carbon monoxide has been developed by Baker & Co., Inc., East Newark, N. J. In the past, it has been difficult to use supersensitive indicators on gas that contained carbon monoxide because it deactivated the catalyst. The new instrument is expected to be valuable for processors of inert gases, ammonia, liquefied-hydrogen jet fuel, and manufacturers of electronic tubes and lamps. Cost: \$3,750, f.o.b. East Newark, N. J.

Snapped mooring lines can be avoided by small boat owners with a shock absorber manufactured by Goodall Rubber Co., Trenton, N. J., and Griffith Rubber Mills, Portland, Ore. The line is threaded through the eyes at each end of a 20-in. Neoprene rod and made fast to both ends leaving a slack. Any sudden snap of the line is absorbed by the rod, not the line. Cost: \$3 retail.

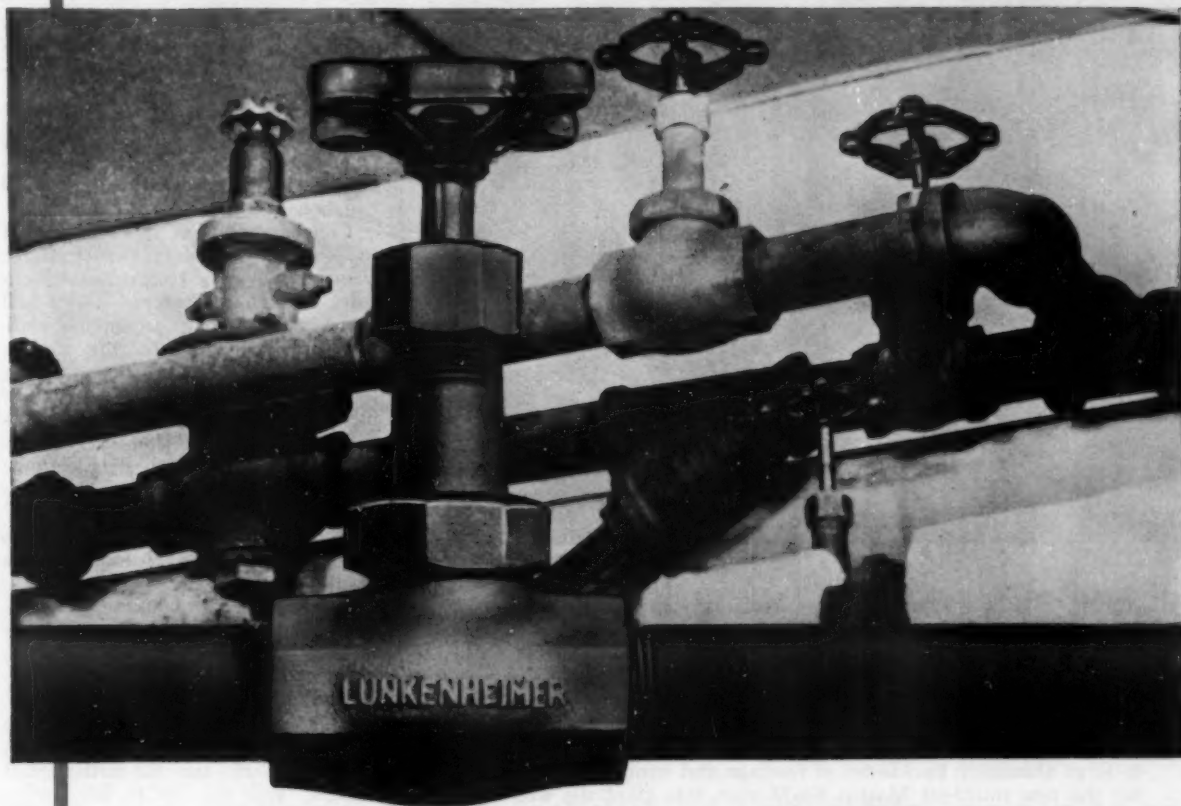
Still projector film that can be projected 2 min. after the camera shutter is snapped has been developed by Polaroid Corp., Cambridge 39, Mass. The company says the new film has a speed equal to the fastest now available and produces a virtually grainless image that permits sharp projection at sizes up to 12 ft. by 12 ft. The Polaroid Land projection film comes in an eight exposure roll for 3¼ in. by 4 in. lantern slides, and costs \$3.49.

Engine sludge, which many automotive engineers believe has its greatest rate of accumulation during trips of less than 10 mi., may be eliminated with a new motor oil additive. It is a detergent called du Pont No. 7 M.O.A. One pint added with each oil change reportedly eliminates sludge, varnish formation, clogged oil screen and filter and reduces oil consumption. It costs \$1.50 a pint.

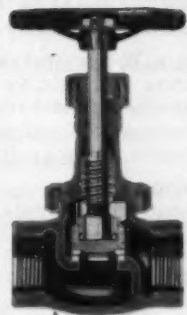
Stable temperatures for packages during shipment can be maintained at any point between 40F and 120F with use of containers filled with chemical compounds, according to Jet-Heet, Inc., Englewood, N. J. Transit-Heet comes in 1-qt. cans, and different temperatures are achieved by varying the compound. Each can is re-usable by placing it in the refrigerator or stove for a short time. Price is about 50¢ a qt., but varies with the compound.

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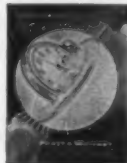
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KELLER MACHINE . . . Consisting of two halves, each weighing 30 tons, this is the world's largest closed die block. Designed to forge aluminum backbones of fuselage and wing structures for the new multi-jet Martin SeaMaster, this giant die was produced by "Kellering" at the U. S. Air Force Heavy Press Plant operated by Aluminum Company of America.

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Computer Deal

GE will get into the computer business by making the electronic elements for National Cash Register machines.

General Electric is joining up with National Cash Register to cut itself a slice of the computer business. The two companies announced last week they jointly will produce a new electronic business computer. The system is designed for handling the routine functions of business record keeping automatically, is much simpler than the computers used by scientists and engineers to solve involved mathematical equations.

• **Collaboration**—GE, under contract to NCR, will produce the electronic elements, such as transistors and circuits, for the computers. It also will supervise preliminary production planning. NCR will make the electro-mechanical parts needed, such as printer heads and tape readers, and will assemble the systems. The new machines—to be known as NCR 304—will be marketed by NCR through its Electronic Machine Sales Dept., which has sales and service offices in 500 cities.

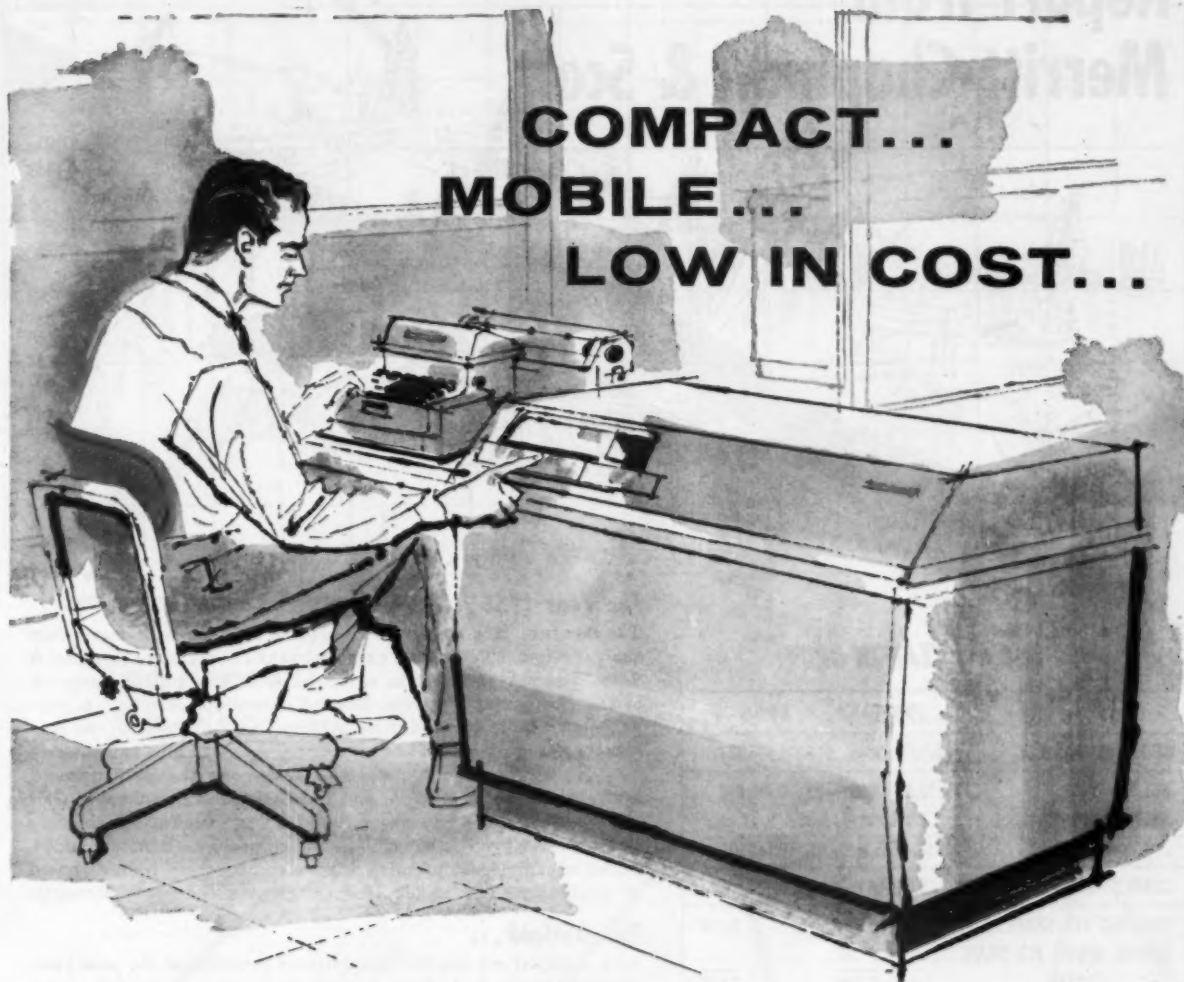
GE and NCR decided to team up in turning out the new computers as a result of their successful cooperation in the development of electronic bank metering equipment for Bank of America. This giant computer, ERMA, handles checks and accounts automatically.

Preliminary design details of the NCR 304 were worked out at GE's Palo Alto (Calif.) labs, the birthplace of ERMA, and the NCR Electronics Div., Hawthorne, Calif. The electronic elements will be produced in Phoenix, Ariz., by the GE Computer Dept. Then they will be shipped to the NCR plant in Dayton, Ohio, for assembly with the electro-mechanical parts.

• **No Price Yet**—As yet no price has been set for the NCR 304. NCR spokesmen say that's because production costs have continued to rise. Actually, only the prototype of the new system has been built. The computers are expected to go into production within two years. They will be custom designed by NCR engineers to fit individual customers' problems.

The market for all types of electronic computers now runs about \$450-million a year, according to GE. The company believes the total may hit \$1-billion by 1965. The new NCR 304 will be in competition with other electronic business computers made by such companies as Burroughs, IBM, Sperry-Rand, and Underwood. **END**

Royal Precision LGP-30 Electronic Computer



helps increase productivity of valuable engineers

The result of 20 years' experience in the design of electronic computers, the new low-cost LGP-30 brings complete high-speed computation directly to the engineer's desk.

Increases engineering capacity. With LGP-30, the engineer works his problems himself... saves valuable time in executing preliminary calculations. Programming most problems right in his office, he can immediately modify equations where necessary, follow his own work to completion. Thus, the engineer handles more assignments, completes them sooner.

Greatest computer value in today's market. LGP-30 is the largest-capacity stored program computer in its field, offers speed and memory equal to computers many times its size and cost. Remarkably small initial investment is combined with low operating and maintenance costs.

Nation-wide sales and service. Detailed analysis of your requirements is available through Royal McBee's nation-wide staff of trained applications engineers.

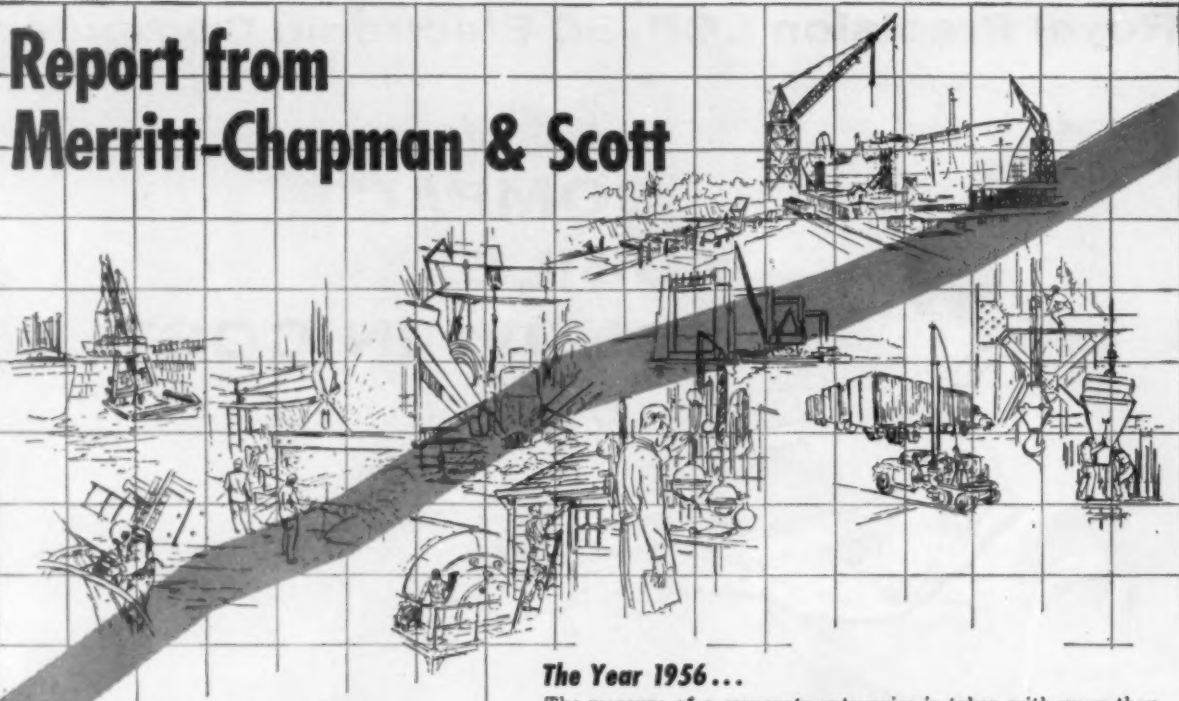
Outstanding features of LGP-30

- Operates from regular wall outlet (110 volts AC).
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For further information, write Royal McBee Corporation, Data Processing Equipment Division, Port Chester, N. Y.

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Report from Merritt-Chapman & Scott



THE M-C & S YEAR IN BRIEF:

	1956	1955
GROSS REVENUES	\$374,030,904	\$375,416,737
NET EARNINGS	\$ 12,881,736	\$ 10,745,822
SPECIAL CREDIT*	3,950,000	
TOTAL	\$ 16,832,536	\$ 10,745,822
SHARES OUTSTANDING**	5,694,069	5,374,360
EARNINGS PER SHARE**	\$2.26	\$2.00
SPECIAL CREDIT PER SHARE70	
TOTAL	\$2.96	\$2.00
WORKING CAPITAL	\$ 83,360,474	\$100,795,593
NET ASSETS	138,300,644	135,717,111
WORK CURRENTLY AHEAD ...	530,000,000	440,000,000
CAPITAL EXPENDITURES	29,407,000	11,692,000

*Profit on disposal of subsidiary companies.

**Shares outstanding represent the number of shares outstanding at the close of each year, exclusive of shares in treasury. The 1956 total includes one and one-half per cent stock dividend payment distributed January 7, 1957, as fourth quarterly portion of 1956 stock dividends. Per share earnings for 1955 previously were reported on the basis of 4,440,804 shares as the average number outstanding during the year. On that basis, 1955 per share earnings were \$2.28 after adjustment for 1956 stock dividends.

The Year 1956...

The measure of a corporate enterprise is taken with more than one yardstick. 1956 was an excellent year for Merritt-Chapman & Scott, but our increase in earnings is only a partial measure of the Company's progress. Beyond immediate earnings, a company must build to the future. Ability to adapt itself to the constantly changing tempo of our national economy also is a positive measure of its growth potential. These are the yardsticks of Merritt's progress in 1956, and the basis of our confidence that 1957 will prove a still more successful year. Operations showing the greatest profit and growth potential have been expanded. Those offering least promise of development have been disposed of profitably. The result is even greater corporate strength.

The Outlook...

As a result of our capital expenditures program of the past year, Merritt-Chapman & Scott is well equipped to take increasing advantage of the continuing high volume of business now in prospect for every field of industry in which we operate.

M-C & S operations and its 1957 program are outlined in our 1956 Annual Report.

If you would like a copy, address Department 48.



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UTILITY BODIES
& EQUIPMENT

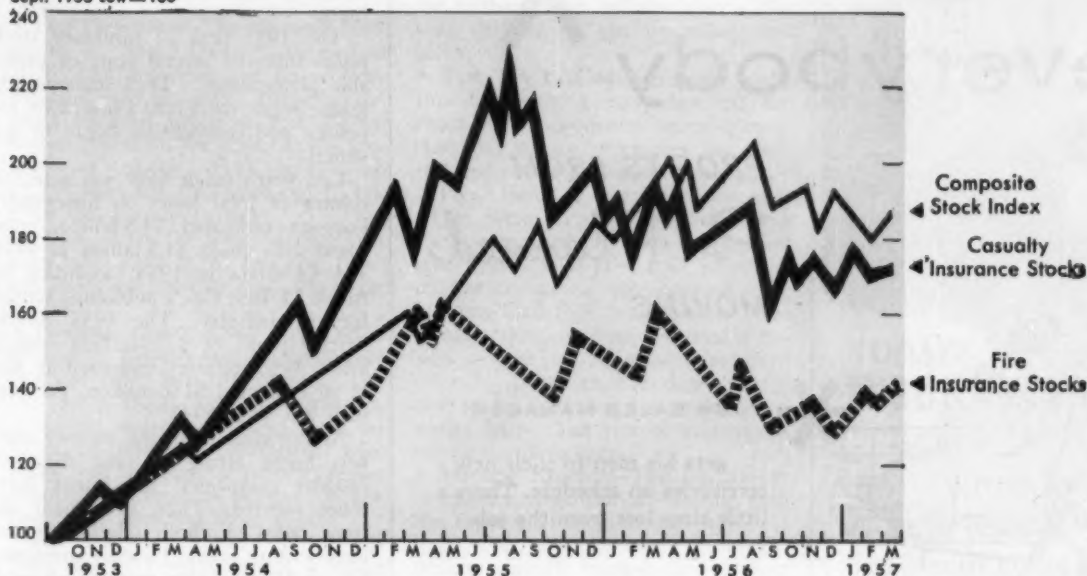
MILTON STEEL
DIVISION



MILTON STEEL
REINFORCING BARS,
STRIP, BAR SIZE
ANGLES

Insurance Stocks Have Dropped More Than the Market

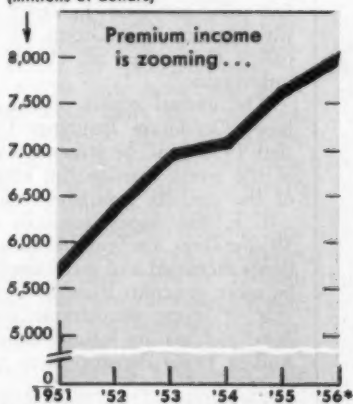
Sept. 1953 Low=100



Data: Standard & Poor's Weekly Group Indexes.

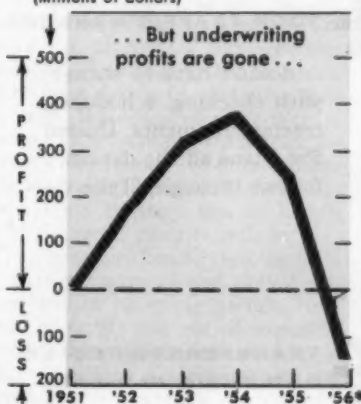
The Reason:

Total Premium Income
(millions of dollars)



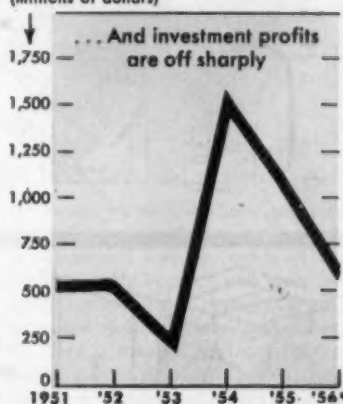
Data: A. M. Best Co.

Underwriting Profit or Loss
(millions of dollars)



* Estimate

Investment Profits
(millions of dollars)



© BUSINESS WEEK

Hit by Other People's Troubles

● Fire and casualty companies ran into the red last year because natural and manmade disasters were heavy.

● In the end, the policyholder will pay. Rates on some forms of coverage are already going up.

Fire and casualty insurance stocks, traditionally a solid "resistance" group, have been giving investors some second thoughts lately. As the chart shows,

from a peak in mid-1955 they have been sliding down across a general market advance.

Only recently have the fire-casualty

stocks checked their down-trend significantly, and then only to inch upward along with the market in general (page 165).

"It can't get much worse, so it has to get better," says a Wall Street analyst who specializes in fire-casualty stocks.

• **Disastrous Losses**—These insurance companies get their income from two main sources: The premiums that are paid by the insured and the yield from

everybody



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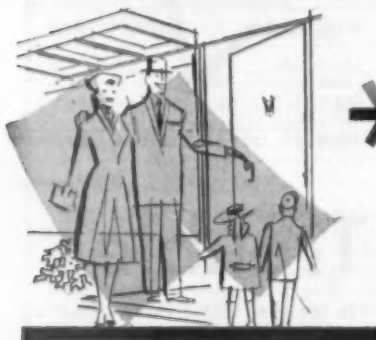
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investment of those funds. Their costs include payment for losses that are covered by the insurance, costs of doing business, commissions to agents, and taxes.

The 1955 peak of insurance stock prices followed several years of profitable performance. Then underwriting losses began to climb, along with expenses, and competition began to get stiffer.

Last year's major blow was a record volume of total losses on fire-casualty lines—an estimated \$4.8-billion, compared with about \$4.5-billion in 1955 and \$4-billion in 1954, according to Alfred M. Best Co., a publishing service for the industry. The 1955 underwriting profit of \$255-million turned into a 1956 statutory underwriting loss of an estimated \$150-million, the first such loss since 1947.

At the same time, the security markets began acting up, and the fire-casualty companies' investment portfolios suffered. Thus, investment income failed to wholly offset increased underwriting losses. Phoenix Insurance Co. of Hartford, for example, showed an underwriting loss of nearly \$6.7-million, while investment income came to about \$5.8-million.

• **No Balance**—Most years, weakness in one or two fire and casualty lines is offset by strength in others. But last year, says Pres. J. Victor Herd of the America Fore Group, "I can't recall a time when all classes were so unfavorable."

The annual report of the Government Employees Insurance Co. states that 1956 "will be remembered as one of the worst years in the long history of the casualty insurance industry."

U.S. fire losses reached a record \$989-million, the number of auto accidents increased and juries continued to be more generous than ever. It was a year of severe windstorms and tornadoes, and marine losses (including the Andrea Doria disaster) were unusually high.

• **Higher Rates**—One thing that helps the fire-casualty companies' prospects is the fact that they don't have to go on swallowing their losses on the insurance they write. They have recourse to the state insurance departments by applying for rate increases.

The regulatory boards see that the companies' rates are no more than fair and reasonable, but they also see that the companies earn enough to cover losses and expenses by a comfortable margin.

Higher rates are coming. Some states have already granted automobile liability rate increases, a few as much as 30%. Increases will probably go into effect in all states by midyear, to be applied as present policies run out. Fire insurance boosts will be slower in

coming and smaller in degree, since they are roughly based on five-year experience and go into effect only as three-year and five-year policies finally expire.

• **Loss Prevention**—The insurance companies are hopeful that a stepped-up safety campaign can cut losses from fires and auto accidents. However, the latest National Board of Fire Underwriters report on fire losses shows January at about \$115.3-million—up 19.5% from last December and 18.9% from the previous January.

What makes the fire insurance men even more glum is the fact that January, 1955, was itself an unusually costly month.

• **Holding Down Costs**—Like other businesses, the fire-casualty companies face the rising tide of expenses. The loss ratio (total losses incurred vs. premiums earned) has long been an index of how the companies were doing, but the expense ratio (expenses incurred vs. premiums written) is getting closer attention these days.

For the stock companies that sell their policies through agents, a major expense item is the agent's commission, which averages 20% or more. There has long been murmuring about cutting these commissions, particularly on auto insurance policies.

With compulsory auto insurance spreading—Massachusetts and New York have it, and more than 28 legislatures are considering it—some company officials say privately that the agents need be little more than order-takers and don't merit such high commissions. However, there's no definite move to reduce the commissions, since companies depend on the agents to market other kinds of coverage, too.

• **At a Disadvantage**—In today's competition for business, stock companies that market their policies through agents find themselves at a disadvantage on premium prices. Direct-writing companies that sell to the public through their own employees have been able to undercut their rates, and mutual companies, owned by the policyholders, don't have to worry about taking care of stockholders.

On price, the stock-agency companies have most probably lost business. Worse yet, some analysts insist, they may be left with a disproportionately high share of the poorer risks.

Allstate Insurance Co., subsidiary of Sears, Roebuck & Co. (page 142), and largest of the direct-writing stock companies, for example, accounted for slightly under 10% of the total auto insurance premium income in the five years ended in 1955 but also chalked up more than 50% of the profits from the industry's auto lines.

This imbalance must be kept in mind, by the way, when looking at any all-

inclusive picture of the nation's stock companies as in the charts (page 139). In other words, if you take the experience of the direct-writing companies out of the over-all industry returns, the vista darkens for the remaining concerns.

• **Test Yet to Come**—However, even the direct-writing companies felt the shock of 1956 underwriting experience. And the agency companies say their real test of strength is yet to come.

Pres. Herd of America Fore says: "They were, in effect, sucked into a vacuum in the auto insurance market after World War II, a time when the old-line companies were booking more business than they could handle. The direct writers could have written a terrific volume of business at standard rates. . . . It has yet to be demonstrated that we are marketing our product on a wrong basis. The test of cost versus service is still to come."

• **Meeting Expenses**—The fire-casualty companies in general are dealing with the expense problem in two ways: (1) developing multiple-line or "package" policies and (2) merger.

The package policy, which combines several property and liability coverages, can be sold under one renewal date and one premium at less than the total of the separate coverages. It saves the company a lot of work.

The merger trend, kicked off last year with the joining of American Insurance Co. of Newark and American Automobile Insurance Co. of St. Louis, enables companies to diversify their risks and broaden their offerings of coverage. For example, American Insurance wrote about 73% of its volume in fire and allied lines, while American Automobile's coverage was as heavily weighted toward casualty policies.

The companies benefit, too, by pooling their management and clerical personnel and by being big enough, combined, to justify the use of expensive electronic labor-saving devices.

Fire insurance companies are also campaigning to upgrade the policies they have already written. This month, the Board of Fire Underwriters is launching a million-dollar, 13-week TV campaign to get people to bring their insurance coverage up to the new and higher values of their property.

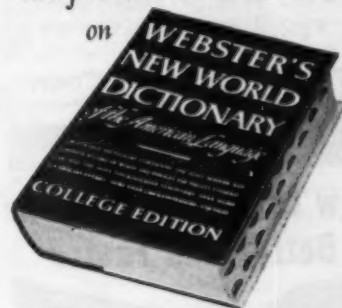
• **Wry Worry**—The fire-casualty companies are concerned, too, over the depressing of their yield from investment portfolios. But what really saddens them is the severe underwriting loss.

The current issue of the Casualty & Surety Journal quotes a wry letter allegedly sent by a fire insurance company to a policyholder: "You bought a policy with our concern at 11 a. m., Aug. 16. Your property was gutted by fire at 3 p. m. the same day. Kindly explain the delay." **END**



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Banking Laws Get Streamlined

For the first time in years, all U. S. laws applying to banking have been collected and modernized in a 250-page revised edition now on the Senate floor.

If you need to look up some banking law, it may not be long until you can find in one place in the federal law books everything enacted over the years by Congress on the subject. The Senate took up a bill this week that would mark the first major revision of the nation's banking laws since 1935.

The mammoth 250-page bill (S. 1451) not only pulls together all law relating to banking under the heading of "The Financial Institutions Act of 1957," but it lops off scores of out-moded statutes. The changes, however, are primarily technical and barely touch on issues of policy. They won't prove nearly so important in the long run, for instance, as some of the changes in state banking law that are now in the works, especially in New York.

This technical revision, sponsored by Sen. Willis Robertson (D-Va.), will simplify the work of the proposed Monetary Commission to study the Federal Reserve System and money and credit policies.

• **Contents**—Most of the chores done by Robertson's committee, aided by an advisory group of leading bankers, were aimed at bringing banking laws up to date. They found at least 100 sections completely obsolete. For example, there is still on the law books provision for setting up the Federal Reserve Organizing Committee, although the Federal Reserve Board was authorized back in 1913. However, at least four parts of the proposed bill are controversial and will run into attempts to change them:

• A section making cumulative voting by stockholders permissive rather than mandatory.

• A section providing for supervision of bank mergers by banking agencies rather than the Antitrust Div. of the Justice Dept.

• A provision limiting the authorization of branches for federal savings and loan associations only to states where state associations and mutual savings banks are permitted to have branches.

• A section knocking out an earlier proposal restricting political contributions by officers and directors of insured banks, in addition to the present prohibition banning contributions by national banks.

• **Dissidents**—The move to amend the bill will be waged by a liberal bloc led by Sen. Paul Douglas (D-Ill.). Douglas

proposes to keep the cumulative voting provision mandatory, on grounds of need to protect minority stockholders. Under cumulative voting, a stockholder may cast all his votes in a proxy fight for one director, instead of splitting them among the entire slate of directors. The Robertson proposal would make the procedure permissive, with the decision of whether or not it can be used up to a majority of stockholders.

The measure has yet to be considered by the House. However, if it gets through the Senate safely, Sen. Robertson has all this session, plus the next, to negotiate any hurdles that may be awaiting it there.

• **Switches**—Other proposed changes in banking law included in the bill:

Employees of the Comptroller of the Currency would be banned from taking employment in national banks for two years after they leave the government.

National banks would be permitted to issue preferred stock; the Comptroller's authority to restrict such issues would be modified.

The committee rejected a proposal to replace the present three-member board of the Federal Deposit Insurance Corp. with a single administrator.

Allstate for Life

Sears' insurance subsidiary, Allstate, adds life policies to line, forms new company to handle sales.

Fast-growing Allstate Insurance Co., a Sears, Roebuck & Co. subsidiary long in the auto insurance business and just three years in the fire insurance trade, is about to begin selling life insurance.

This will be Allstate's second try at profitably handling life insurance. In 1934, only three years after its founding, it took over National Life Insurance Co., then in state receivership, and renamed it Hercules Life Insurance Co. But Hercules' insurance in force kept falling, as did premium receipts. In 1938, Sears sold the company. The feeling was, according to Robert E. Wood, then Sears' president, that the young company "couldn't sell life insurance from a catalogue."

• **Stronger Base**—Since then, however, Allstate has built up a nationwide sales force of 3,000 of its own agents, in all



Thanks to KLIXON — I Create a Better Feeling with My Customers — Says Motor Repair Shop Owner

TAUNTON, MASS.: "I prefer motors with Klixon Motor Protectors as they prevent burn-outs caused by many varied conditions. As a result of using Klixon Motor Protectors and recommending Klixon-protected new motors, I create a better feeling with my customers and increase my good will."

That's how Alfred J. Marrotte, owner of the A.J.M. Electric Motor Service Company sums up his feelings about Klixon Motor Protectors.

The KLIXON Protector, illustrated, is built into the motor by the motor manufacturer. In such equipment as refrigerators, oil burners, washing machines, etc., they keep motors working by preventing burn-outs. If you would like increased customer-preference, reduced service calls and minimized repairs and replacements, it will pay you to ask for equipment with KLIXON Protectors.



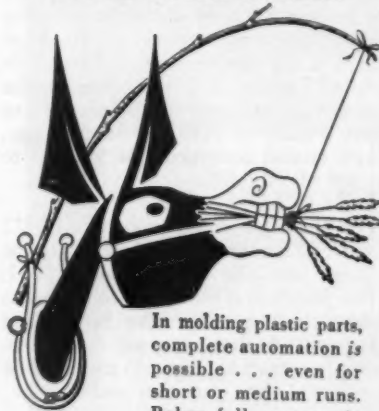
Manual Reset

Write for the new free informative booklet, "The Story of the Spencer Disc."

METALS & CONTROLS CORPORATION
Spencer Thermotest Division 2803 Forest Street,
Attleboro, Mass.

AUTOMATION

within reach at last!



In molding plastic parts, complete automation is possible . . . even for short or medium runs. Baker fully automatic presses are instantly adjustable for different jobs. Write Dept. BW-357.



AUTOMATION
BAKER BROTHERS, INC.
Toledo 10, Ohio

48 states. Many of them sell over counters in Sears, Roebuck stores. Says Calvin Fentress, Jr., Allstate's chairman: "We will develop policies which will meet the needs of our market and which multiple-line agents can handle with facility." The company will offer a standard life form and limited payment forms. It plans to follow later with term insurance forms.

The new company, Allstate Life Insurance Co., wholly owned by Allstate Insurance Co., is being chartered in Illinois, will start business there around August, later expand into other states. Besides selling in Sears' stores, it may also market by mail, using the retail company's famous catalogues to drum up sales. Most of Allstate's life insurance will be sold on a non-medical-examination basis.

The new company will be capitalized at \$5-million, of which \$4-million will be set aside as surplus, the remainder capital. Allstate Insurance Co., originally formed by Sears in 1931 with \$700,000 capitalization, now has some 4.2-million policyholders, and had 1956 premium income of \$283-million.

AT&T Split

Management opposes a suggested 4-for-1 stock split, and there may be a fight next month.

Management of American Telephone & Telegraph Co. this week told the company's 1.5-million stockholders just why it opposed splitting the 62,902,419 outstanding shares of common stock.

The explanation, appearing in a proxy statement mailed to stockholders over the weekend, gave management's view of a suggested 4-for-1 split offered in the same proxy statement as a non-management proposal. The company's shareowners will vote on the proposal at the Apr. 17 annual meeting.

AT&T directors claimed that a stock split right now "is not in the best interest of stockholders generally." But, they added, "if future conditions change so materially that splitting the stock is the thing to do, we will not hesitate to recommend it."

• **Classic Argument**—The directors set forth the classic argument against stock splits:

• "It . . . would add nothing to the basic value of your shares. It would not increase the company's assets or . . . earnings which are available for dividends."

• There would be no change in the dividend rate per share, since "simply changing one share, paying \$9 annually . . . into four shares, paying



MARKED IMPROVEMENTS in IDENTIFICATION AND DECORATION

A voice from the shelf . . . that says "Here's the paint . . . drug . . . oil . . . you're looking for . . ." would certainly help both buyer and seller. Attractively lithographed cans do "talk" this way, but one trouble has been high production runs of lithographed cans vs. the short run needs of variables such as color names, batch numbers and date codes.

Markem suggested imprinting the variables on partially lithographed cans, as they are needed, and built the 70AF machine to do the job. Today a fair number are in use, imprinting little 1/32 to full gallon sizes, areas to 2" x 6", at rates up to 1500 an hour (an even faster rotary machine is underway). Beats torn, smudged or missing paper labels all hollow.



"Elephant trunk" marker . . . is not the usual way Markem describes its machines, but for the 89A, the nickname has stuck. This is a typical Markem

"Special Products" development, for marking trademark and size on tubular rubber insulation. The inelegant nickname originated because the material is a six foot length of gray tube 1 1/4" to 5" in diameter. It is fed into the machine, passes under the printing head and ejected by a lower drive roll.

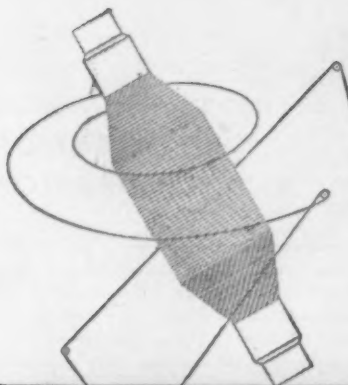
Adjustments for different diameters are easily made, and other useful features include mobility for use in different locations, variable speed motor, excellent imprint quality with Markem's jasmine-yellow marking compound. The people who worked out this "Special" perhaps can help you, if you have a yet-unanswered problem in identification/decoration marking.

"Do-it yourself" . . . is often prompted by economy reasons. In marking products, however, the manufacturer who "does it himself" not only saves money, but also gets what he wants when he wants it. Here's what we mean: a company making plastic cases for eyeglass lens cleaner had the product name and directions imprinted on the containers by a job printer. The method was neither convenient or economical. The local Markem man presented a case for the 20A machine, and it gave a good account of itself in an 80-prints-per-minute run. Having another satisfied customer makes us happy, and he's tickled with the quality, convenience, and prospect of the 20A paying for itself in six months.



Is there a shape, surface or size giving you trouble in efficient marking? Try the Markem Method—a source of better marking for 46 years. Write Markem Machine Co., Keene 33, N.H.

MARKEM



No "yarn" this...

But the true story of
how a textile mill beat
"high overhead" cost!



Loom Room, Sherman Manufacturing Co.

"Overhead" costs are real factors in operating textile mills. Artificially high humidification, necessary for efficient weaving, quickly rots out ordinary wood roof decks. In fact—even steel decks rapidly corrode!

Sure solution to eliminating high "overhead" roofing costs was found by the Sherman Manufacturing Company. This Texas textile mill keeps its 520 looms running under 70,000 square feet of Wolmanized® treated roof decking. Wolmanized lumber decking in mill after mill has held up year-in and year-out under high humidities and constant condensation, which cause ordinary wood and metals to fail in a few years.

The moral of this "yarn"? If you use wood where these conditions exist: process moisture, condensation, high humidity and masonry contact—specify Wolmanized pressure-treated lumber. Then for just pennies a board-foot more, your investment will be protected against mold, decay and termite damage.



Wolmanized

Pressure-Treated Lumber



The HOW and WHY of Wolmanized lumber and many suggestions for residential, commercial and institutional uses are covered in this handbook. Write for a copy.

Wolman Preservative Dept., Koppers Company, Inc.
1450 Koppers Building Pittsburgh 19, Pa.

\$2.25 annually . . . would not increase the real worth of your investment."

• **Aim of Split**—Retired New York General Sessions Judge Jonah J. Goldstein, who sponsored the stock split proposal after failing last year to bring it to a vote at the annual meeting, is president of New York's Grand Street Boys' Foundation, which owns 1,000 AT&T shares. Aim of the split, according to the proposal, is to broaden the base of ownership through lowering the price level.

Telephone's directors countered by saying the company already has 24 times as many stockholders as any other corporation. Moreover, they said, their studies show that "unless there is a substantial dividend increase, a stock split causes a speculative flurry in the stock market and there is a temporary rise in the price of the stock." Following that, they added, the stock usually "goes down below where it was before the split. . . ." This could "encourage speculation and be damaging to its investment character."


• **Hold Dividend**—AT&T has long maintained its tradition of a \$9 annual dividend and has yet to signify any intention of raising it in the near future. Stockholders, however, got what amounted to a higher than \$9 annual yield; since 1946, the holder of each share received \$22 worth of rights to subscribe to new issues.

FINANCE BRIEFS

RCA's new president, John L. Burns, is in line for a 10-year option to buy 50,000 common shares of RCA at \$33.75, the closing price on Mar. 1 (it closed Tuesday at \$33.63). Stockholder approval is necessary for this plan. Burns gets a salary of \$150,000 his first year, with annual increments of \$12,500 to a top of \$200,000.

• The Canadian dollar is up to \$1.0472 in U.S. money—the highest since the spread was 5½¢ in November, 1933. The premium is attributed to European currencies, especially from Britain and Switzerland, that are going into Canadian investments (page 68) and must be converted into Canadian money.

• Outside interests may be maneuvering to get control of U.S. Hoffman Machinery Corp., says Pres. Hyman Marcus in comment on recent activity of the stock on Wall Street. For the past two months, it has been one of the most active issues on the list. Marcus, who owns 224,938 of the 2,215,056 common shares, denied rumors that he was leaving the company or that he had been approached by "anyone demanding representation" on the board.



Some need it HOT...

The combination of NCG Oxygen and NCG Acetylene provides flame temperatures in the range of 6,000°F for metal cutting, welding and hardening.

Some need it COLD...

NCG Carbon Dioxide in solid form, commonly known as "dry ice," is widely used in the manufacture of machinery to shrink-fit machine parts.

Some need it On the SPOT

NCG Argon permits the low cost dependable welding of aluminum, stainless steels and many alloys with the electric arc by preventing contamination of the weld.

INDUSTRIAL GASES solve many problems

Progress in industrial chemistry has improved so many products and processes in recent years...and compressed industrial gases have been the medium of this magic so frequently...that NCG gas cylinders are now a familiar sight in almost every manufacturing plant. NCG has been in the forefront of this progress in both technical leadership and the important matter of dependable supply. Whatever your needs may be for oxygen, hydrogen, nitrogen, argon, helium, acetylene or carbon dioxide, you too will find it pays to rely on NCG. Your inquiry will receive prompt attention. Write or wire today.

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MEDICAL GASES

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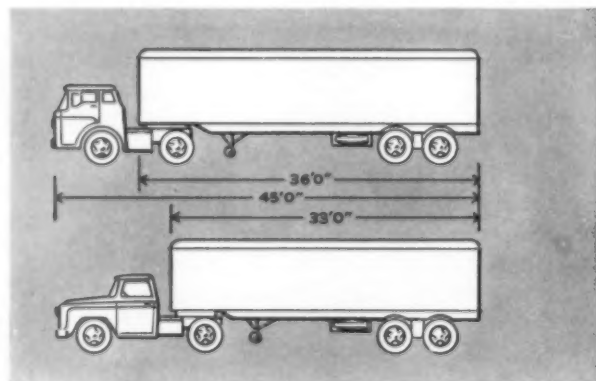
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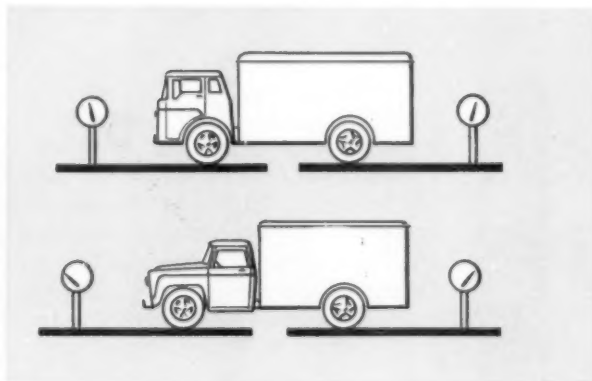
America's lowest



Three money-making advantages of boldly modern Ford Tilt Cabs



LONGER TRAILERS. The compactness of Ford's new Tilt Cab lets you haul trailers up to 3 feet longer than most conventional tractors within a 45-foot overall length.



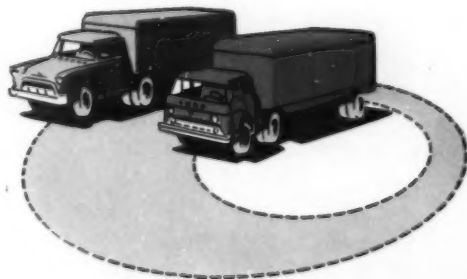
MORE LOAD. Ford Tilt Cab with set-back front axle carries bigger percentage of chassis and body weight on front axle. Payload capacity is increased up to 2,000 lbs.

-priced* Tilt Cab line!

FORD



YOU CAN TILT a new Ford Tilt Cab almost as easily and quickly as you can raise the hood on a car. Ford offers six Tilt Cab Series, with models ranging up to 60,000 lb. GCW.



BETTER MANEUVERABILITY. Ford Tilt Cabs can turn in a 10-foot to 12-foot smaller circle than comparable conventionals. Result: easier handling, less time lost in parking. Huge glass area gives outstanding visibility, too.

One look at Ford's new Tilt Cab trucks tells you they're really new. And the boldly modern styling you see just hints at how truly deep-down modern they are. It's the kind of modern design that puts you miles and money ahead! *And here are a few reasons why:*

Low initial cost—thanks to the economies of modern, high-volume production, new Ford Tilt Cab trucks for 1957 carry lower price tags than *any other* Tilt Cab line*.

Longer trailers permitted—a 36-foot trailer may be coupled to a Ford Tilt Cab tractor without exceeding the maximum 45-foot overall length limit of many states. You get up to three feet more load space than is possible with most conventional tractors.

Greater payloads—new Ford Tilt Cab trucks are designed to handle more payload than conventional trucks. Because front axles are set back, they carry a greater percentage of chassis and payload weight. With this weight shifted forward off the rear axle, total payload capacity is increased as much as 2,000 lbs.

Increased maneuverability—wheelbases as short as 99 inches mean easier handling, better maneuvering in tight spots.

Better service accessibility—to completely expose the engine for major service operations, Ford Tilt Cabs are counterbalanced to tilt easily and quickly. You can tilt 'em just about as fast as you can raise the hood on your car.

Outstanding economy—you get the economical, dependable power of Ford's proven Short Stroke V-8's . . . developing up to 212 hp in the biggest of six new Ford "Tilts" for '57.

You get more . . . *much more* of deep-down modern design that cuts your costs, than can possibly be related in this space.

Get in touch with your Ford Dealer and ask him for more facts on Ford's new Tilt Cab trucks for 1957.

*Based on a comparison of factory-suggested list prices.

For '57 and the years ahead—

FORD TRUCKS COST LESS

LESS TO OWN...LESS TO RUN...LAST LONGER, TOO!



The most important "extra" in the show

Behind the scenes when tragedy yields to professional skill, Group Major Medical Expense insurance stands ready to fill a vital supporting role.

A helping hand when medical expenses reach crushing proportions, Travelers Major Medical Expense coverage is becoming an integral part of the benefit program of many large and small firms.

Travelers Group Major Medical Expense plans, in effect from coast to coast, insure more than 1,750,000 employees and dependents. Benefits are paid from 251 conveniently located claim offices.

If Group Major Medical Expense insurance is in your plans for '57, why not talk to Travelers? Call your Travelers agent or broker today.



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INTERNATIONAL OUTLOOK

BUSINESS WEEK

MAR. 16, 1957



Egypt's Pres. Nasser took Washington by surprise this week with his sudden moves in Gaza.

At midweek the State Dept. didn't know what to expect next. State couldn't tell whether Nasser was (1) merely establishing his legal right to civil administration of Gaza, which both the United Nations and the U.S. recognize; or (2) getting set for complete Egyptian control of the area. This would make it impossible for the U.N. Emergency Force to function there.

If Nasser plans to take over, there's real question whether Israel would stand still. Premier Ben Gurion has indicated that his government is prepared to act if Nasser goes too far.

Pres. Eisenhower played it cool at his Wednesday press conference. He was betting that Nasser would not push the Israelis to the point of military retaliation. But there can be no doubt that Eisenhower's new Middle East policy is facing a number of severe tests.

Even if Nasser goes slowly on Gaza now, he can be expected to push for full satisfaction. What's more, he's almost sure to insist on his right to blockade Israel both in Suez and in the Gulf of Aqaba, and on his right to collect full tolls from all ships using the canal.

The test, then, will be between (1) Nasser's determination to reassert his leadership of the Arab world by tough tactics; and (2) Washington's plans for stabilizing the Middle East by isolating Nasser's Egypt (and Syria) from the other Arab countries (BW—Mar.9'57,p23).

When it comes to the payment of tolls, Washington probably will back the British-French position that tolls should be paid, on an interim basis, into some neutral account. Then roughly 50% would go to Egypt, pending a final settlement.

If the Western powers should give way on this issue, say the British and French, Nasser would achieve complete sovereignty over the canal and the West would lose its last hand in the Suez game.

Prime Minister Macmillan is expected to stress the toll issue when he meets with Eisenhower at Bermuda next week. Apparently Macmillan wants a promise from the U.S. that we'll continue the oil lift indefinitely rather than give way on this issue. And, despite some opposition in the State Dept., Secy. of State Dulles reportedly is inclined to go along.

Western Europe's free trade scheme, the six-nation Common Market, is about ready for signing. Once France got agreement on the admission of the French, Belgian, and Dutch colonies into the Common Market, the last piece of the pattern fell into place.

Next hurdle is to get the French Assembly to ratify the treaty. If it does, the other five parliaments are sure to follow suit, despite considerable opposition from business and labor circles.

The fact is that the Common Market is being steam-rolled through by political leaders, especially West Germany's Adenauer, France's Mollet, and Belgium's Spaak. Without this kind of political operation, it's hard to see how Europe would ever integrate.

The British are pushing plans for an industrial free trade area

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

MAR. 16, 1957

to be linked with the Common Market. But London seems miffed at the French for including their colonies in the Common Market scheme. This threatens important markets on the Continent for products from Commonwealth countries and British territories in Africa. In the end the British may insist on some special concessions for Commonwealth products.

Wheat, dried fruits, and cocoa are sure to be affected. Australia and Canada are interested in the first two and the new nation of Ghana in the third. A preferential market for French colonial cocoa would be a really heavy blow to Ghana.

Powerful political and business groups in India are becoming restive in the Commonwealth. More and more Indians talk about pulling out.

Leaders of the Congress Party, apart from Prime Minister Nehru, have begun to feel that India's ties to Britain have become a "useless encumbrance." They argue that the Commonwealth no longer maintains any unity in the United Nations. Nor is there unity in the Commonwealth premiers' conferences, for that matter. But Nehru seems determined to stick with the British tie, partly because he expects to see the Labor Party back in office before long.

Indian businessmen increasingly doubt the value of having the rupee tied to sterling. If the U.S. trade and aid is stepped up, say some Indian businessmen, India's economy should increasingly be geared into the dollar area. These men are pushing New Delhi to improve the investment climate for U.S. capital. Right now, at least a dozen U.S. companies are negotiating in India on investment plans.

Strikes again threaten British industry as business tries to halt the leapfrog progress of wages.

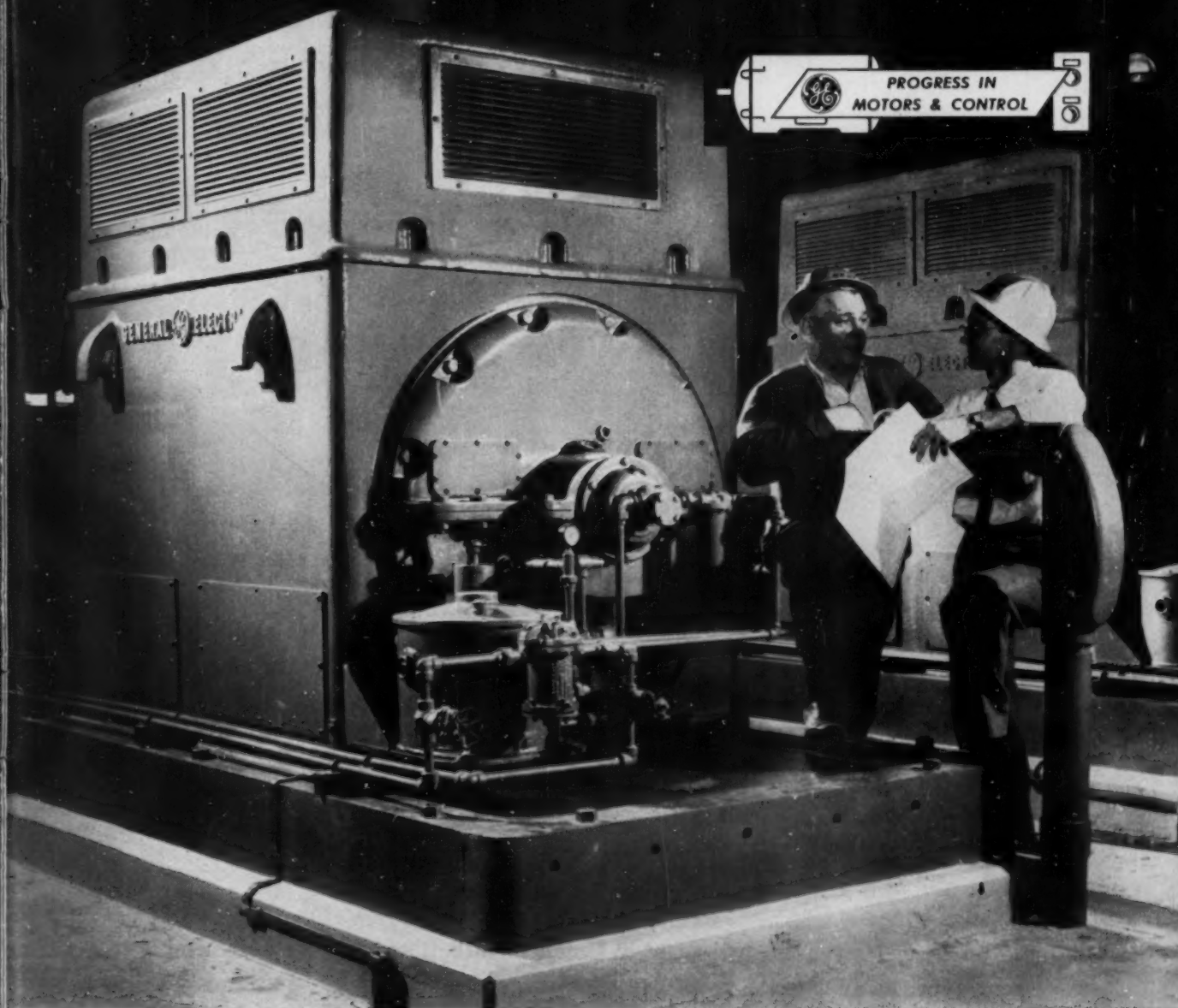
Some businessmen hoped that this winter's recession, which has caused some unemployment, would make the unions drop, or scale down, their annual claims. But this hasn't happened to any extent, mainly because the recession is uneven. Some industries lag, others boom.

Trouble spot is joint action by the confederation of shipbuilding and engineering unions, which links 200,000 workers in Britain's booming shipyards with 2.5-million workers in a wide range of industries that feel they are fighting for their lives in the world market.

These union tieups produce what the British now call a "wage-wage spiral." As prosperous industries get demands they can easily grant, the contract terms are forced on much weaker ones. This year, though, some powerful business organizations are refusing to give way. So you may see some costly strikes in British industry.

Argentina may soon peg its official peso rate at a lower level—around 25, instead of 18, per dollar. This would help boost export income by spurring sales in worldwide markets. It also would put the official rate closer to the free market rate—now about 37 per dollar.

Though realistic, devaluation would be open admission of the country's continuing economic woes.



General Electric Hushes 4000-Horsepower Giants

The loud whine of high-speed, high-horsepower electric motors makes normal conversation impossible in some of our nation's power generating stations. Not only is conversation difficult but this unpleasant noise may actually impair employee efficiency. Aware of this important problem, General Electric engineers have developed completely new boiler feed pump motors . . . motors which develop thousands of horsepower . . . like the one pictured above in which this loud whine is hushed to a reassuring hum.

THE NEW DESIGN features an acoustically baffled air intake-exhaust chamber, a special rotor construction, and a unique air flow pattern to reduce the noise. These advances enable employees working next to these huge motors to carry on a normal conversation . . . to work without distracting noise.

DEVELOPMENTS such as this demonstrate the continuing progress which General Electric is making in motors and control . . . progress which provides superior performance when you specify General Electric for *any* motor or control application, large or small.

For more information on the new G-E Boiler Feed Pump Motor . . . or any G-E motor or control, contact your nearest General Electric Apparatus Sales Office or write Section 882-3, General Electric Company, Schenectady, New York.

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**SHOULD
A
BUSINESS EXECUTIVE
BE INTERESTED
IN FASTENERS?**

Maybe you haven't given much thought to fasteners. Still, it's important to remember that the wrong type, or an inferior grade can slow-down production—cause excessive product rejects—play hob with costs. Even if faulty fasteners don't show up on the line, later failure can cause complaints and could even lose customers.

Names of companies regularly specifying Parker-Kalon fasteners read like a Blue Book of American Industry. Over the years, these manufacturers have learned that P-K quality means trouble-free performance on assembly lines—complete dependability, whatever the product. We'll be glad to send your company full technical information.

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*Sold everywhere through leading Industrial Supply Distributors.
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In Washington

. . .

Antitrust Subcommittee Issues

Report on Antimerger Action

Copies of a new 74-page report, "Corporate Mergers and Acquisitions," are now available from the Senate Antitrust & Monopoly Subcommittee, Washington 25, D. C. The report summarizes government action in the 29 antimerger cases brought in the last six years and reviews subcommittee hearings in 1955 and 1956 on mergers. Included is such testimony as that presented by executives of Bethlehem Steel and Youngstown Sheet & Tube in support of the proposed merger of their two companies.

The report also discusses recent proposals for strengthening the antimerger law. It supports the recommendation that big companies be required to give the government advance notice before merging. The subcommittee staff also suggests the passage of legislation requiring advance approval by government antitrusters of the "more important" mergers. Under this plan, the companies involved would have to prove the merger would not impair competition. This proposal goes far beyond bills now pending in Congress.

. . .

Barter of Agricultural Stocks

For Strategic Goods Flourishes

Dollar volume of agricultural surpluses that the U. S. barter with friendly nations in exchange for strategic metals and minerals is doubling every year, the Agriculture Dept. reports.

Since 1950, dollar value of crop exchange has boomed from less than \$8-million to more than \$300-million in fiscal 1956. Dollar volume registered for the first seven months of fiscal 1957 already is twice that for 1956.

In return for agricultural stocks, so far this year the U. S. has acquired \$167-million worth of strategic materials such as lead, zinc, titanium, and bauxite for its defense stockpiles, against \$105-million last year.

. . .

ODM Crushes Tariff Hopes

Of Cord and Twine Makers

U. S. industry won't get new tariff protection on the grounds of "defense essentiality" unless it can present "clear" proof that competing imports threaten to impair national security. That's the essence of a ruling handed down by Defense Mobilizer Arthur Flemming last week in rejecting the domestic cordage and twine producers' bid for additional protection.

The cord and twine makers were the first of a dozen U. S. industries to apply for tariff relief under a new

procedure that calls for ODM to conduct hearings and present findings as a basis for White House decisions.

Flemming found that imports of rope are only a small percentage of total domestic consumption and therefore not a threat to security despite the essentiality of rope. Farm twines, Flemming said, are on the Congressional free list and are imported from sources that would not be cut off in case of war. The ODM boss ruled that this also applies to industrial twines and also noted that producers did not clearly show their product to be essential to defense.

The ODM ruling apparently indicates that the new procedure will not be regarded, by present Administration officials at least, as an avenue for tariff relief for industries that previously had been unable to convince Congress, the Tariff Commission, or the White House of their need for new duties or quotas.

However, other producers applying for ODM rulings—such as the jeweled watch industry and the independent oil producers—may be able to marshal more political strength behind their drives for protection.

. . .

Rules Committee Approves Resolution

To Keep Monetary Study Inside Congress

The Administration's proposal for a Monetary Commission to study the nation's financial institutions received a setback this week. The House Rules Committee cleared for floor action a resolution that would turn the study over to a subcommittee of the House Banking Committee. If it passed, the job would be presided over by Rep. Wright Patman (D-Tex.).

However, there's sure to be a hot fight on the House floor, where the Administration will look for a chance to substitute its plan—a mixed commission of private citizens and congressmen.

. . .

U. S. Mexico Work Out

Air Transport Agreement

The 10-year-old dispute between Mexico and the U. S. over air routes was finally settled last week when the two countries signed a bilateral commercial air agreement. After years of wrangling, a face-to-face meeting last spring between Pres. Eisenhower and Mexican Pres. Rudolfo Ruiz Cortines paved the way for the pact.

Competitive pressure also played a part. Air France has been doing handsomely flying the only non-stop New York-Mexico City tourist route. Both American and Mexican airlines want to horn in on this lucrative tourist business. A Mexican carrier, headed by ex-Pres. Miguel Aleman, is now negotiating to buy Bristol Britannia turboprops for a route north.

Seven routes have been approved under the agreement, but a big hassle is likely to develop over two of them. The pact provides that only one line from each country may serve any one route. And in two cases, more than one carrier had received CAB or Mexican approval to fly the routes. Service on uncontested routes begins June 5.



Severe storm as it appears to pilot on viewscope of Bendix Weather Radar. White areas with black centers indicate great

turbulence. By jogging slightly right, as per dotted line, pilot can fly safe, smooth path between storms, thus saving time and fuel.

CAUTION! BUMPS AHEAD! JOG RIGHT NEXT STORM CLOUD!

In effect, that's what Bendix® Weather Radar does for airline and executive plane pilots—warns them of turbulence ahead and shows them where they can fly to avoid it. Without radar, especially at night, pilots lack vital information; they may know a storm area is ahead, but they do not know its exact location, size or intensity. So, they frequently detour clear around or turn back if they are in doubt, when there may be no need to do so. Bendix Weather Radar removes all doubt. It shows smooth paths between storms, if they exist. It gives pilots a clear, detailed picture of conditions up to 150 miles ahead,

*REG. U.S. PAT. OFF.

so they can confidently decide what to do for the greater comfort and safety of passengers.

It also acts as a navigational aid in fog and overcast, picturing rivers, mountains, coastline and other landmarks.

Already thirteen airlines here and abroad have installed or ordered this equipment. About 140 company-owned executive planes also are using it or have it on order. Many military planes, of course, have been using Bendix Weather Radar for years. For specific information regarding executive plane use, write Bendix Radio Division, Baltimore, Md.



One of Capital Airlines' Viscounts—first turboprop jet airliners to serve America—equipped with Bendix Weather Radar.

A thousand products



a million ideas

Why Pick on the Teamsters?

● The Senate committee investigating racketeering in the nation's largest union has good reasons for training its guns on the Teamsters.

● First, in the industry in which the union operates, muscles often count for more than skills or references.

● Second, the union's traditions go back to prohibition and hijacking days, when brass knuckles were part of the uniform.

● Third, Teamsters officials are open-minded to outside business opportunities.

The Senate Select Committee this week reached the top officials of the International Brotherhood of Teamsters as it pursued its investigation into labor racketeering.

Hearings in the big Senate caucus room—due to continue at least until next February—finally got around to the principal figures in a probe of Teamsters operations involving politics and vice in the Pacific Northwest. The committee, headed by Sen. John L. McClellan (D-Ark.), called IBT's West Coast leader, Frank Brewster, for questioning. At the same time, it laid the groundwork for an appearance by Dave Beck, the Teamsters president who returned suddenly from Europe this week.

With the opening phase of the investigation coming to a close, the heavy emphasis on corruption in the Teamsters raised two big questions:

- Is there more racketeering in IBT than in other major unions?
- If so, then why is corruption more widespread in the Teamsters?

Although IBT has come to be identified in the public mind with racketeering and corruption, there is no evidence yet that it actually affects any major part of the sprawling union with its 1.4-million members.

I. Why the Teamsters?

Opinions within labor differ on just how much racketeering there is in the nation's biggest, most powerful union. Many leaders of the CIO bloc of industrial unions in AFL-CIO believe corruption runs deep in the truckers' union. Others in the federation believe it is centered at top levels only, actually affects very few of IBT's more than 900 locals.

The president of one of AFL-CIO's

smaller unions, and one with a reputation for sound and responsible administration, this week criticized off-the-record a comment that the Teamsters seems "shot through with corruption."

"With a membership of 1.4-million and about 7,000 paid staff members, perhaps numerically the Teamsters might have more racketeers, I don't know. But is this true on a percentage basis when compared with some other unions?" The union head asked.

This is a position that Teamsters spokesmen also take. One in the Midwest said this week that the size of the union and the IBT expansion drive—to extend jurisdiction to almost every phase of the movement of commerce, without caring much about how—means the union is "bound to have a few rotten apples in it." But, he said, there probably aren't "any more crooks in the Teamsters than there would be in any other union, grown so big."

• **Challenge**—The United Auto Workers, second to IBT in size, with perhaps 200,000 fewer members, challenges this. Under Walter Reuther, UAW has been vigilant against infiltration by racketeers. It hasn't been 100% successful in keeping out in-plant gambling operators, but auto union leaders weed them out when and where they are found, in contrast to the Teamsters' hands-off policy.

It's true that corruption and hoodlumism do exist in other parts of the labor movement. Investigation and prosecutions have pinpointed criminality in parts of the building trades in St. Louis and elsewhere. Racketeering has been exposed in the discredited International Longshoremen's Assn. on the New York docks. It has been a problem in the generally respectable International Ladies' Garment Workers' Union in the New York apparel

industry. And three small unions are currently facing suspension from AFL-CIO for corrupt practices; others may later.

However, hearings in Washington over the past few weeks and investigations across the country seem to indicate that the Teamsters has more than its share of racketeers. But why? The answer can be important to those favoring federal legislation to stop the "perversion of trade unionism by hoodlums." The answer involves what—if any—special circumstances in the Teamsters make racketeering easier in its ranks.

• **Factors**—In part, of course, the "why" of corruption in IBT is its size. The bigger the union, the more "rotten apples" to contaminate the good. But, generally, the widespread corruption in the Teamsters can be attributed to:

- The nature of the industry in which the union operates—and over which it exercises its considerable power.

- The character and the background of the union itself.

- And, significantly, the philosophy of "business unionism" held by Teamsters officers.

II. The Industry

The trucking industry is highly competitive, and is made up largely of small employers who cage business where they can find it—and fight to hold on to it. Many are owner-operators of trucks and still wear the Teamsters button.

It is also a rough and tough industry, which traditionally employs men who are rough and tough. Men who can't get jobs in other industries because of police records frequently find work in trucking, where muscles can count for more than skills and references. They tend to be direct action men who don't stop at violence, and may have a contempt for law and order.

And it is an industry that operates closely with pinball, slot machine, jukebox, and other industries that operate, in some areas, on the fringe of legality. These frequently bring into the Teamsters persons of dubious character. They also lead to all sorts of alliances and sub rosa pacts as testimony in the current hearings has brought out, the Teamsters is useful as the underworld's muscular enforcement arm in the profitable but questionable fringe areas. Testimony early in the Senate hearings (BW—Mar. 2'57,



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"... racketeering is usually to be found in the small-employer area . . ."

STORY starts on p. 155

p141) alleged that IBT officials in Portland, Ore., allied with those in control of pinboard and shuffleboard machines to force taverns to put in machines on a lease basis or face difficulties over Teamsters deliveries.

- **Corruption Areas**—The handiness of the Teamsters in this way means offered alliances. Few union officials outside IBT ever face as much temptation.

As far as most employers are concerned, the corruption that involves usual labor-management relations is the most important. This is found most where small employers deal with Teamsters locals covering scattered groups of workers. In the main, the union is comparatively clean where it bargains for large concentrations of members. There are two reasons:

- A plant management or the operator of a large fleet of trucks isn't going to be pushed around easily; both have the means to protect themselves and their employees and equipment against the rough tactics frequently used by the Teamsters.

- Where a substantial number of local union members are concentrated, even a quiescent rank-and-file serves as a check against corrupt leadership.

Consequently, racketeering is usually to be found in the small-employer areas. This isn't true only of the Teamsters. CIO's biggest racketeering problems in its two-decade history were in retail trade. The AFL-CIO Retail Clerks' International Assn. is still having localized troubles.

- **Vulnerable**—The small truck firms (most with five or fewer vehicles) are vulnerable. They can't afford to have a single truck smashed or a single driver laid up. They can't risk a union-enforced shutdown of any kind. The owner-operators know from their own union experience what can happen. Their problem is to keep it from happening to them.

Most bargain only with a Teamsters business agent. He's pretty much his own boss. Unlike most unions, there's no bargaining committee to sit in on negotiations. When there is a contract to be worked out, or a grievance to be settled, it's usually a two-man deal, between the employer and the business agent—men on a first-name and quick-drink basis. This means that the business agent may face the temptation to make a private deal. It may—or may not—be a good one for the employees he represents. And it may—or may not—

have a little extra on the side for him.

The side deals, voluntary or coercive, aren't limited to contract and grievance handling. They can help or block other unions' organizing drives. Moreover IBT has the power to make or break a strike in many industries. Although observance of picket lines is a hard-and-fast rule for most unions, the Teamsters has always taken a thick-skinned attitude that another union's walkout and picket lines must not interfere with truckers' jobs. The union decides "on the basis of the facts" whether a picket line should be heeded or ignored. Side deals with officials who make the decisions can influence union instructions to drivers.

This does not mean that every Teamsters contract, picket line decision, or other union activity is suspect. The great majority are honest. But the opportunity for corruption exists to an unusual extent.

III. The Union

The International Brotherhood of Teamsters gives much more authority to its national, regional, and local officials than does almost any other union—and makes them less accountable to the membership for the way they exercise that authority.

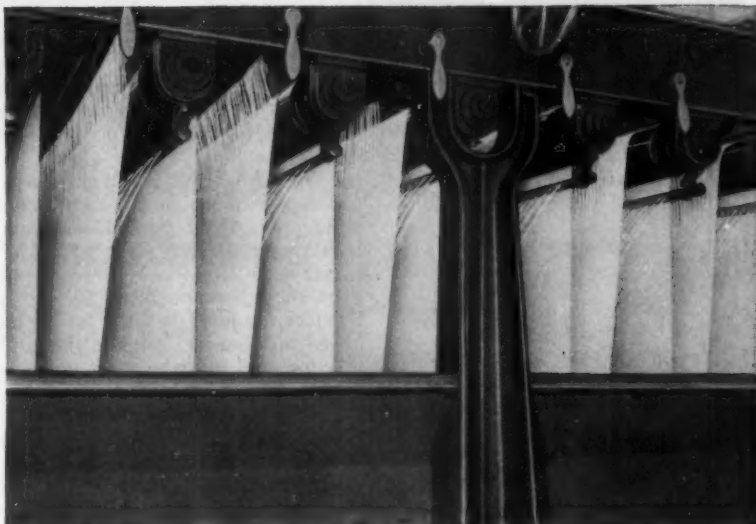
It is also a sprawling, loosely run union. It is so diversified in the type of operations it covers that control is largely vested in men who have pushed their way to power in local or regional baronies.

• **Early Days**—Until the 1930s, the Teamsters was largely a loose organization of local truckers' unions. The late Dan Tobin, IBT president for years, was never a strong leader. He paid far less attention to union affairs than almost any of his fellow leaders in AFL.

The strength of the Teamsters then was mostly in city central bodies, generally tightly controlled by one or two local leaders. These went their own way on almost all matters. In the prohibition 1920s, many had ties with rackets and the men who ran them.

Farrell Dobbs, secretary of the Socialist Workers (Trotskyite) Party, is generally credited with getting Teamsters expansion under way in the 1930s. Aided by others from SWP, Dobbs organized Minneapolis truck drivers and won a major strike there in 1934. Afterward he spread organizing work out from Minneapolis to sign up over-the-road drivers throughout the Midwest. With the long-haul men joining the union, the Teamsters began taking on bulk and weight; activities began to be consolidated.

• **Growing Up**—Meanwhile, organizer Dave Beck led the Teamsters to rapid growth on the West Coast—helped by employer fears of Harry Bridges'



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leftwing longshoremen's union. Beck's strong Western Conference, the base from which he moved into Teamsters leadership, took hard shape, encompassing Teamsters organizations in 11 states. Other regional leaders began to build up similar personal strongholds.

Tobin, in later years, said there was only one taboo in enlisting Teamsters leaders in those expansionist days: No saloon keeper was accepted as an official of a local or as a representative of the international. This easy-going policy made it possible for racketeers and hoodlums to get into the truckers' union and to take over positions of power.

It's obvious why they were interested in doing so: The nature and mushrooming growth of the industry and the importance of the union opened new vistas of plenty of money to be made. Under Tobin, little or nothing was done to curb the infiltration of the easy-money crowd or to attempt to put an end to lawless activities that erupted from place to place.

Beck succeeded Tobin in 1952, and cracked down on some racket-dominated locals. He earned an early reputation as a reformer. However, the unsavory elements weren't all removed from positions of Teamsters influence. And despite the increased centralized control of IBT in recent years—and Beck's clean-unionism remarks from time to time—their activities still haven't been stopped.

Many active in the Teamsters today came up through the ranks in the prohibition and hijacking days, when the truckers' policy was that the end justified the means. Brass knuckles and baseball bats were their standbys then; many haven't refined their tactics much since that time. Along with the habits of the past, many have cronies still on the shady side of the law.

• **Small Voice**—Why are they allowed to stay in the Teamsters, particularly in view of Beck's cleanup efforts in the early 1950s? The answer isn't hard. If they are effective in the Teamsters brand of unionism, they are tolerated. More than that, they will be protected even if it means a showdown with AFL-CIO and its codes of ethics.

In many Teamsters locals, officers are handpicked by the business agent or a leadership clique; rank-and-filers have little voice or interest in what goes on. The fault is in part their own. Some time ago a local officer of IBT asked the labor editor of a major Midwest newspaper to run a notice of a meeting. He said that orders were also out to "round up all the guys in the saloons and take them to the meeting so that we can get a quorum out to re-elect officers."

Under such circumstances, it's not

unexpected when a labor writer in another city comments that "the Teamsters have a low quota of what you might call educated, progressive leaders. . . . They are more men of muscles and the bare fist."

IV. The Philosophy

There is much to support a theory that intellectuals with a crusading interest in expanding unionism skipped the Teamsters for the mass production unions in the 1930s. They chose the United Auto Workers, the United Steelworkers, and the rest of the social-minded CIO.

The men who took the lead in IBT, after Dobbs went his way in the radical movement outside the Teamsters, were men interested in business unionism.

Beck, Frank Brewster, James A. "Jimmy" Hoffa, and other key figures in IBT take the position that there's nothing wrong with a union leader—or union man—making money on the side.

• **Common Attitude**—This isn't a viewpoint held only by Teamsters leaders. Other craft unions have traditionally clung to a similar philosophy that has little room for advancing social theories and ideologies, and that stresses that a union leader should be expected only to "service" his members' efforts to advance wages and protect jobs. This attitude—which is in conflict with that of a large part of AFL-CIO today—is staunchly defended by Beck, Hoffa, and fellow officials of the IBT.

Having this viewpoint, Teamsters officers believe that high salaries, Cadillacs, and other aids to comfortable and expensive living are their due—as long as they continue to fulfill their responsibility of producing better wages and work conditions for their members.

They consider themselves as much the same as business executives, and no more barred from outside business activities than the head of a company.

A large part of the Teamsters problem of internal corruption seems to be a byproduct of this philosophy.

While the men at the top may be able to get extra bucks and a good living honestly, through outside opportunities, the possibility of honest extra money tapers off down the line. Instead, there is the chance to pick up shakedown dollars or dollars accepted in a side deal. The dishonesty is shrugged off. One Teamsters official said that "some" officials contend that as long as Beck and the others get theirs, there is no reason why lesser officials can't benefit from their opportunities, too. But they all insist that, no matter how much of this goes on, the members get full union protection and collective bargaining benefits. **END**

UAW Test Case

Auto Workers must stand trial on charges that it used union dues to support favored political candidates.

The U.S. Supreme Court this week refused to pass on the Constitutional issues presented in a test case on union political expenditures. The court thereby put off for several years more a final ruling on whether First Amendment "free speech" guarantees are violated by a Taft-Hartley Act ban on using union dues for politics.

The 6-to-3 decision means that the United Auto Workers must now stand trial in Detroit on a government indictment which alleges that UAW used dues money to sponsor television broadcasts intended to support favored candidates for Congress in the 1954 election.

The 1955 indictment—sharply criticized as "political" by UAW and other unions—charges the auto union paid from \$500 to \$2,500 each for four telecasts over Detroit station WJBK-TV. These were used to back the candidacy of Democrat Pat McNamara over incumbent Republican Homer Ferguson in a Senate contest. McNamara won.

• **Ruling**—The Supreme Court's ruling is a victory, of sorts, for the Justice Dept., since a trial judge early last year dismissed the indictment without a trial (BW—Feb. 11 '56, p148).

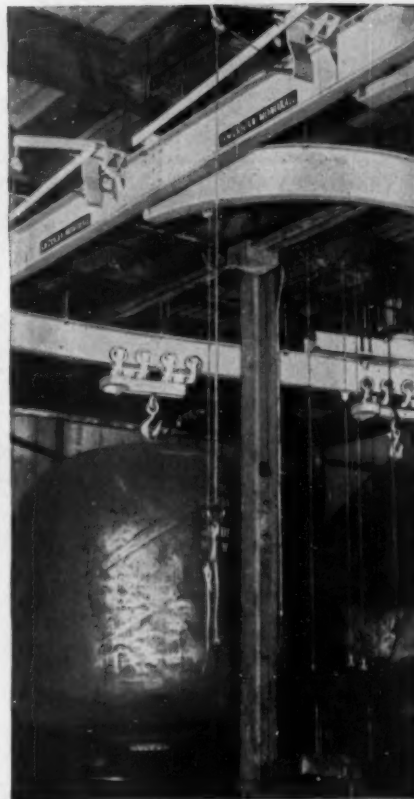
Justice Felix Frankfurter wrote in the majority opinion that Congress drafted the political contribution clause to "embrace precisely the kind of indirect contribution alleged in the indictment." It bars any "contribution or expenditure" in connection with a federal primary or general election.

Frankfurter said that a 1948 Supreme Court decision which held that the law did not cover distribution of a political issue of CIO's weekly publication, the CIO News, was not precedent for the UAW case. The 1954 UAW broadcasts were apparently directed to the public at large, not to just the auto union's own members, Frankfurter said.

• **Dissenters**—Justices William O. Douglas and Hugo Black and Chief Justice Earl Warren joined in a dissent. In addition to voting to uphold dismissal of the indictment, the dissenters said that the Constitutional questions should have been ruled on now—without waiting for the development of the facts at a trial.

Douglas, for the dissenters, called the political expenditures clause of the act, as applied by the court, a "broad-side assault on the freedom of political expression guaranteed by the First Amendment." **END**

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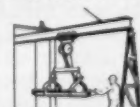
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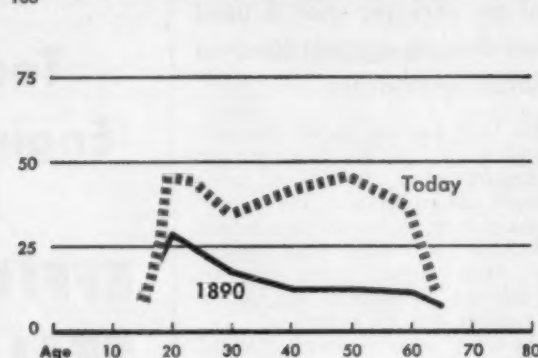
In the Changing Life Cycle...

More Women Work Longer.

	Women's Age	
	1890	Today
Women Leave School	14	18
Women Marry	22	20
Last Child is Born	32	27
Last Child Enters School . . .	38	32
Husband Dies	53	60
Last Child Marries	55	48
Women Die	68	78

Data: "The Life Cycle of the Family", Marriage & Family Living, Feb. 1955.

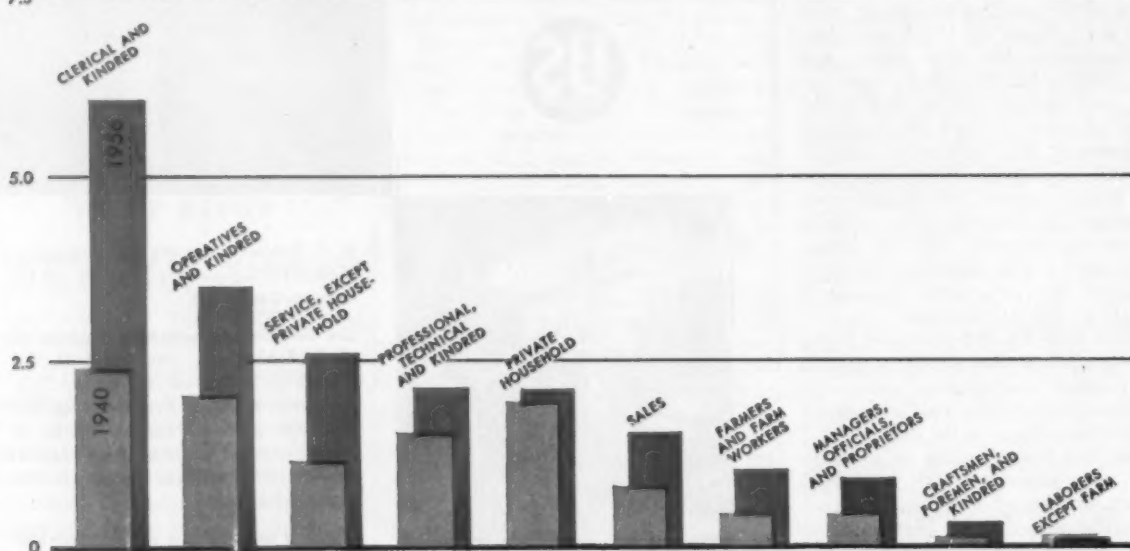
Percent of Women in Labor Force



Data: Dept. of Commerce, Bureau of the Census.

They Center in These Occupations.

Millions of Women 14 Years Old and Over



Data: Dept. of Commerce, Bureau of the Census.

Woman's Place in Work Force

National Manpower Council reports the results of a two-year study on the growing importance of womanpower and indicates what this means for employers.

SELDOM since the days of Susan B. Anthony and the feminist movement has the role of women in society been the subject of such careful examination as it is today. This time, though, political and civil rights aren't at issue. Now, the object of the current wave of interest is women in the work force. Employers already have been alerted

by the U.S. Labor Dept. that women will account for half of the expected 10-million-worker growth in the labor force over the next 10 years (BW—Feb. 23 '57, p72).

This week, businessmen pondering what this change in the working pattern means to them will receive assistance in reaching an answer from the Na-

tional Manpower Council. The council, a private, nonpartisan body established at Columbia University under a Ford Foundation grant, presented to Pres. Eisenhower a 400-page report on its two-year study of women as a manpower resource.

• **The Findings**—These key facts emerge from the group's presentation:

- During any month, one-third of all women 14 or older are in the labor force; over two-fifths—some 28-million—work during the course of a year.
- An average girl in school today

will hold a paying job outside the home for about 25 years.

- Working women account for one-fifth of the country's total wages and salaries—or over \$42-billion—and for more than one-fourth of the total man-hours worked.

- Of all women now working, 60% are married and one-half are over 40.

- Out of every 10 married women, three are working. Two out of five mothers with school children work.

- Women middle-aged and over have come into the labor force in greater numbers than any other single group since 1950.

Women show up in almost every conceivable job. But over one-third work in secretarial, clerical, and sales occupations (chart, page 160). Over the years, these jobs have come to be considered "women's work."

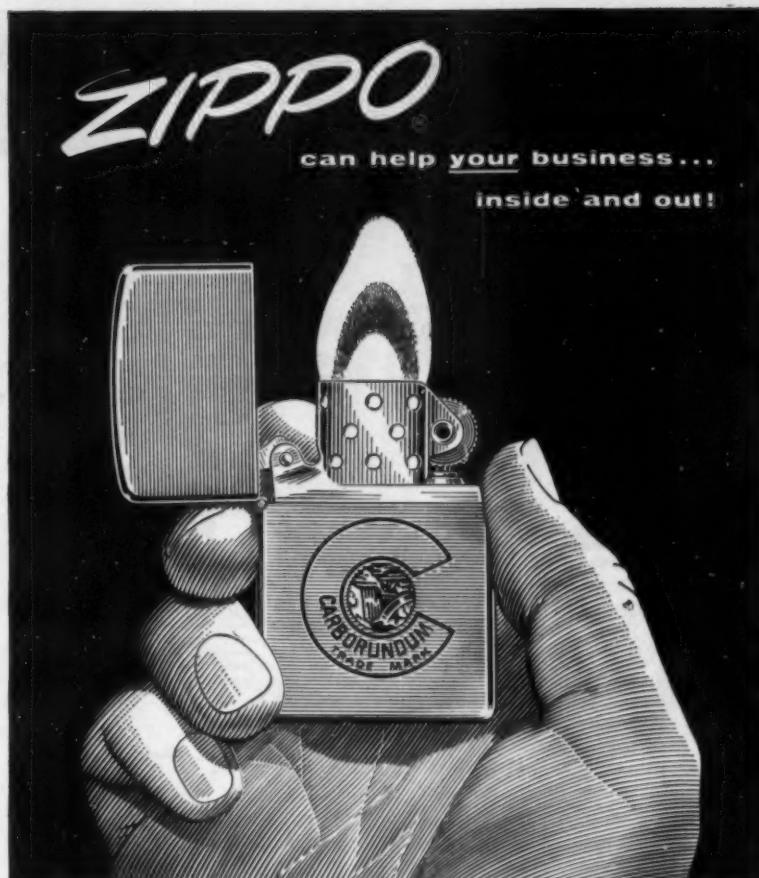
One factor in the increasing number of working women is the change in the age at which key events occur in women's lives (chart). Today, compared with 1890, women leave school later, marry earlier, see their children enter school and marry earlier, live longer, and are widowed later in life. For these reasons, the 22-million women in the work force today represent more than one-third of the working population contrasted to the 4-million women employed in 1890 who were less than one-sixth of the labor force.

A jarring note comes from the chart (page 160) based on married women. It shows that half of them will outlive their husbands by some 18 years.

- **Employer Considerations**—In addition to hiring for "men's" and "women's" jobs, the council found two other main considerations weighed heavily with employers in deciding whether to hire men or women. One is the general characteristics of women. Women supposedly have greater manual dexterity and tolerance of routine, but less physical strength than the male, greater absenteeism, and smaller amount of interest in advancement and increased responsibility.

The other big factor is the relative costs of hiring women. According to the council, some employers prefer women employees because their pay scales are lower than men's. Others found hiring women raised costs because of higher turnover and added expense of providing special facilities.

The council also found that career girls, in yesterday's sense of a woman who sought to make a life's work out of her job, have all but vanished. Instead, "the quest for a mate remains primary," the council says. This means that young girls seeking short-term jobs want regular hours, little overtime, and other conditions that will enable them to lead a normal social life. **END**



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In Labor

. . .

Paper Workers Unite in

First Labor Merger Since 1955

The first merger of rival unions since AFL and CIO united in December, 1955, began what labor leaders hope will be the "solidification of the workers of the United States."

The International Brotherhood of Paper Makers (with 75,000 members) merged last week with the United Paperworkers (55,000) to form a new United Papermakers & Paperworkers. Paul Phillips, who headed the one-time AFL Paper Makers, will be the new union's first president. Harry Sayre, who led the CIO's Paperworkers, is executive vice-president. Other offices are similarly divided.

Delegates to a Chicago convention of the former CIO union voted unanimously for the merger. A concurrent convention of the AFL union debated hotly before ratifying the amalgamation by a 2-to-1 vote.

Advocates of the merger argued that unification will help the paper unions in an industry that's "becoming concentrated in fewer and more powerful corporate units." The merger, they say, will help paperworkers "where it counts—at the bargaining table."

There are four more unions in the paper industry. Expansion plans of the new Papermakers call for efforts to effect a further merger with the 150,000-member Pulp, Sulphite & Paper Mill Workers, later with the others.

Merger negotiations are under way between AFL-CIO unions in insurance, shoe, glass, and printing industries. A merger was imminent last year in meat packing, but failed when conventions balked at ratifying the terms.

. . .

Machinists Cold-Shoulder Teamsters

And Local Lodge Is Suspended

A Philadelphia local of the International Assn. of Machinists is under suspension for refusing to cooperate with the Brotherhood of Teamsters in a joint organizing drive. The suspension, ordered by IAM's Pres. Al J. Hayes, may in time embarrass Hayes in his second role as chairman of the AFL-CIO Ethical Practices Committee.

Hayes suspended the 11 officers of Lodge 724 for negligence, insubordination, failure of duty, and violation of the Machinists' constitution. He appointed an administrator for the lodge—the first suspended by IAM in a decade.

According to a Machinists spokesman in Washington, the move was made because the 1,800-member lodge—mostly auto repairmen and mechanics—held up a joint organizing campaign in garages and auto dealers' shops where IAM and the Teamsters have "mutual interests." According to Hayes, the joint operation would be "in the best interests" of the Philadelphia lodge and IAM nationally.

The lodge's 11 suspended officers say they object to working with the Teamsters' Local 596, which they contend has a three-year record of violent organizing tactics. A number of Local 596 officers have been arrested for assault. Last November, the local came under public attack after vandalism broke out against auto dealers who were a target of a Teamsters drive in the Philadelphia area. Local 596 said it wasn't responsible for broken windows and other damage to 30 new cars.

Hayes reportedly termed the local IAM officers' objections "of a petty nature, not based on substantial facts, but rather on assumptions and false conclusions." Along with other top Machinists officers, he is inclined to blame jurisdictional rivalry in Philadelphia for the local lodge's refusal to cooperate with the Teamsters.

. . .

T-H Changes for Building Trades

Get Backing From Administration

The Administration will recommend to Congress three Taft-Hartley Act changes worked out by a committee of contractors and representatives of AFL-CIO building trades unions.

According to Labor Secy. James P. Mitchell, the proposed amendments, which pertain only to construction workers, would:

- Allow pre-hire contracts where a craft union has an historical bargaining relationship with contractors.
- Allow employer associations to act as a unit—in a lockout, for instance.
- Make apprenticeship funds a collective bargaining issue.

. . .

Pilots See Many Obstacles to

Commercial Operation of Jets

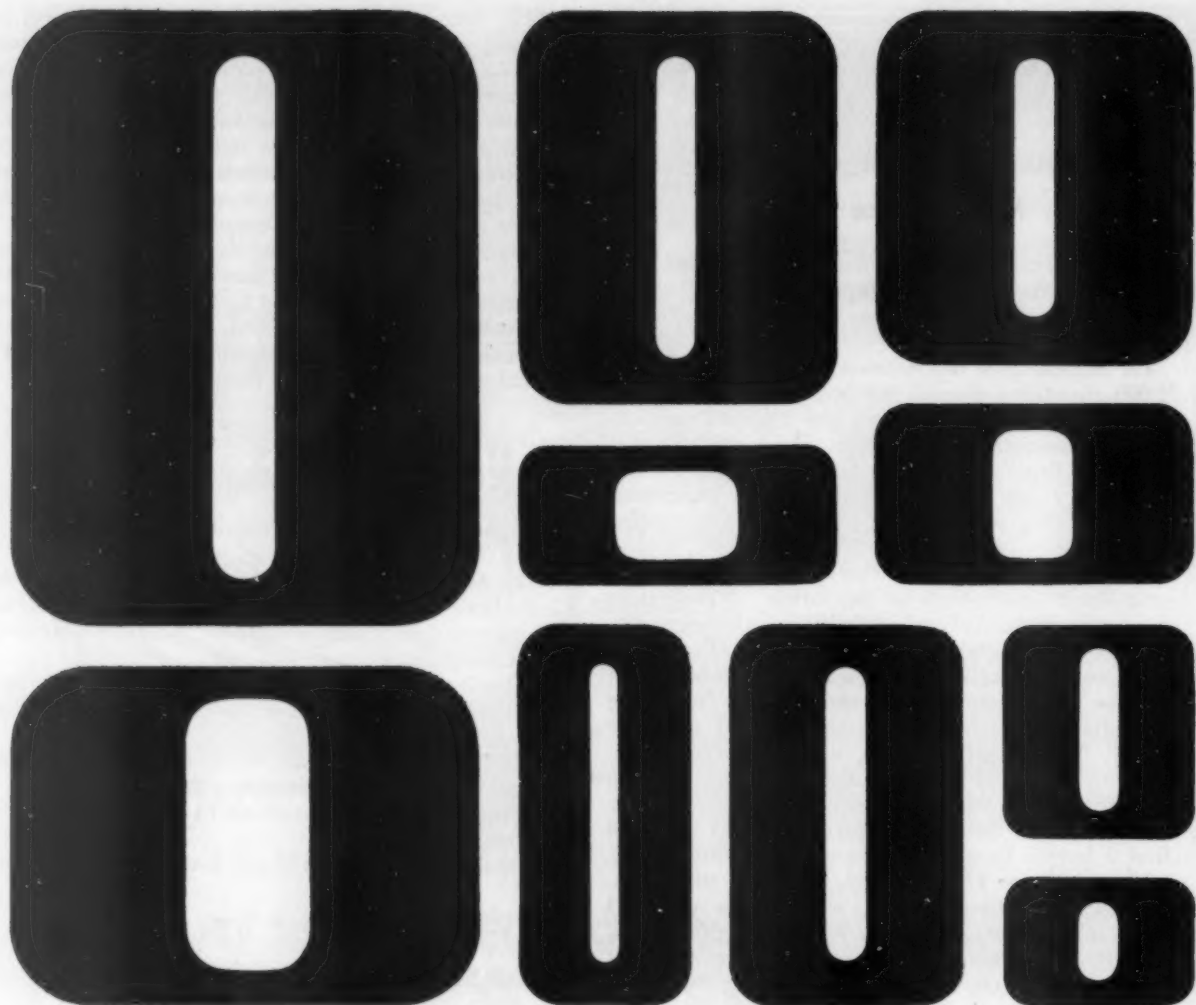
The men who fly commercial transport planes will be ready for the jet age, but they seriously doubt that today's airports and air traffic control system are adequate to handle jet airliners.

On the eve of the demonstration of a new continent-spanning jet transport, an Air Line Pilots Assn. conference of 150 air safety experts in Chicago dug into the expected problems of the new aircraft. They reached two general conclusions:

- It will be easier for pilots to make the transition from piston-engined planes to jets than it was from the little twin-engined DC-3 of the 1930s to the DC-7 and Super Constellation. Because of the cost of jet flight, about 75% of the retraining will be in "ground simulators" that are already being ordered.

- Today's airports do not provide suitable facilities for jet transports and "it may be 15 years before airports can satisfy safety requirements" for extensive jet use.

Experts attending the ALPA conference characterized the country's "monstrous, so-called modern" terminal buildings as "some of the greatest manmade obstructions yet to appear at landing fields." They warned that "forgetting operational necessities" at the airports could set back the coming of the jet age.



Olivetti makes office equipment of 10 distinct types. This wide range of product has given Olivetti an unusually well-rounded familiarity with the problems of the modern office; which, in turn, has helped Olivetti to develop money-saving solutions to many of those problems, and to build them into its machines.

In the U.S.A. Olivetti presently offers its electric, standard, and portable typewriters and its adding, calculating and bookkeeping machines. Olivetti also makes teleprinters, dictation machines, visible filing systems, filing cabinets, and machine tools. Spare parts and service are quickly available through branch offices and through dealers in 48 states. Olivetti Corporation of America, 580 Fifth Avenue, New York 36, N.Y.



The Olivetti Printing Calculator automatically multiplies and divides, is also a speedy 10-key adding machine; it is literally two machines in one. The printed tape is a permanent record, for fast checking, filing or attaching to work papers. Guarantee period is a full year instead of the usual 90 days.

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THE MARKETS

Wall St. Talks ...

... about money rates, stockholder families, stock buying motives, business failures, boiler rooms.

How money rates have stiffened lately: (1) Dow-Jones municipal bond yield index opened this week at a 3.12% figure; a week earlier it was 3.05% and two weeks back a bit under 3%. (2) Minnesota Power & Light this week had to pay a net interest cost of 4.64% to sell \$12-million long-term bonds; on Mar. 5, Columbus & Southern Ohio Electric paid only a 4.46% on a \$16-million offering.

Biggest stockholder families now are those of American Tel & Tel, 1,490,000 members; General Motors Corp., 640,473; Standard Oil (N. J.), 403,000; General Electric, 366,524; Ford Motor, 298,918. Fastest 1956 grower: Jersey Standard's, which expanded 26%. Most laggard: Ford Motor's family, which showed a 1956 shrinkage of 6%.

More and more stock buying recently, say Streeters, has stemmed from a desire for income. That's a sharp change, they point out, from the motive that prevailed up to a few months ago. Long-term capital gains then represented the principal target of most stock buyers.

Business failures still zoom. Last week, their total jumped to 327 from 284 the previous week. According to Dun & Bradstreet, that's the largest weekly figure since early-April, 1940.

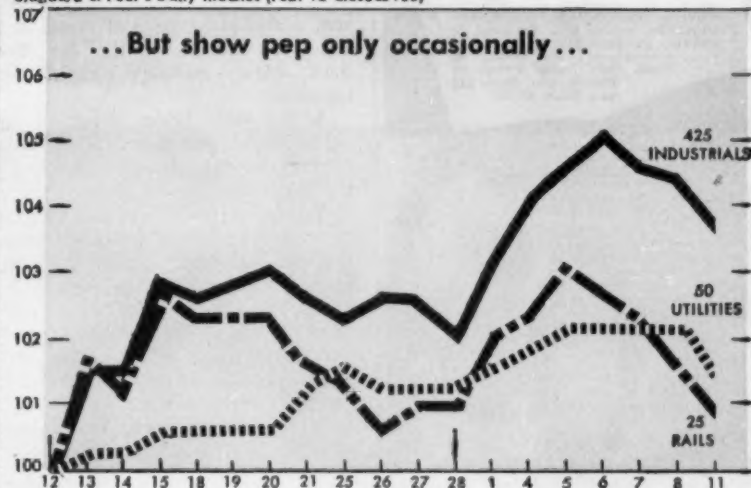
SEC is still after New York City "boiler rooms." Last week, the commission told Congress in a closed-door hearing that it would soon seek criminal indictments against "75 to 125" persons associated with high-pressure broker-dealers peddling highly speculative stocks over the phone.

Several New York State school districts, reports the Bond Buyer, "have recently rejected bids on [new] issues with an eye on the possibility of more favorable financing terms that might be realized should the school authority legislation now pending (BW-Mar. 2 '57,p26) ... be enacted."

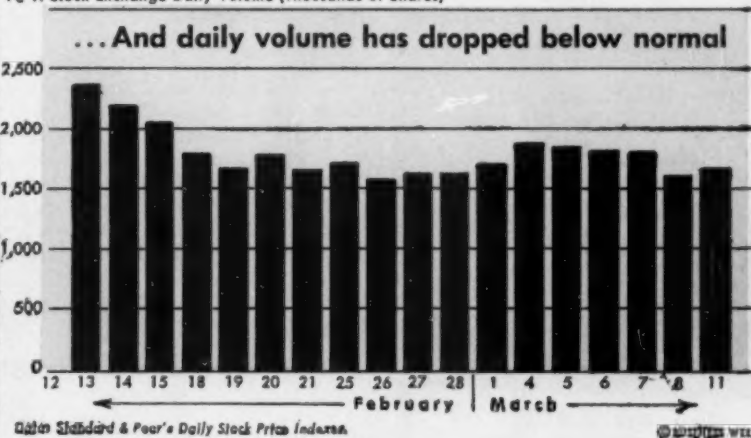
Of the Big Board's 1,074 listed commons, 762 showed losses in February, 69 were unchanged, and only 243 advanced. Biggest winner: Callahan Zinc; up 14.9% at \$6.75. Biggest loser: Howe Sound; off 23.1% at \$12.50.

Stocks Have Rallied ...

Standard & Poor's Daily Indexes (Feb. 12 Close=100)



N. Y. Stock Exchange Daily Volume (Thousands of Shares)



Rally Without Much Steam

Progress is still only spasmodic as stocks on the Big Board try to recover from February troubles.

Not for a long time has Wall Street seen such an aggravating rally as the one that's been under way since the stock market's worrisome breakthrough in mid-February to new 1956-57 lows.

As the top chart above confirms, the rally hasn't been entirely unproductive to date. Even most bulls are willing to admit, however, that in the last four weeks the market has been putting on a pretty uninspiring performance.

• Ups and Downs—For one thing, there has been little continuity in the

climb upward from the February lows. Prices have moved higher in only about half the daily trading sessions. The rest of the time, values have been declining or moving sideways. The losses have been considerably less than the gains, but the effects of this up-again-down-again trend are quite apparent.

For example, at midweek Standard & Poor's new index of 425 industrial stock prices was still at a figure almost 2% below its lowest point in January. The companion yardstick of 25 railroad stocks showed a loss of some 4% in the same time. Only S&P's average of 50 utility issues, in fact, managed to pull back up to January levels. And not even the Street's congenial bulls take much heart from that, since

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utilities—popular resistance stocks—normally perform best when traders and investors are worried and playing it safe.

• **Laggards**—Another segment of the over-all rally picture is disconcerting, too. Individual groups of shares in the industrial section of the Big Board have been moving upward most selectively.

As the table below reveals, a number of strong spots are visible, but many groups have been doing relatively little for the better.

Actually, some 9% of the 54 groups covered recently stood at their lows of the year; another 26% held still at levels less than 2% above their 1957 nadirs, despite all the rallying that's taken place. Not all these laggards were lightweights of the industrial list either—they include such bellwether groups as steel, airline, aircraft, paper, building materials, and soft coal shares, all hitherto strong.

• **Apathy**—Perhaps more upsetting than anything else has been the recent rally's inability to generate any real interest among traders and investors. During its course, trading volume has dwindled persistently. And the downward trend has been particularly in evidence lately (chart, page 165). Wall Street's Francis I. du Pont & Co. pointed out this week: "Average trading in the past two weeks has been at a rate lower than recorded in any full month since January and February, 1954, when the economy was passing through a major adjustment era."

This drop in interest becomes more

worrisome in view of two other factors:

• Current listings on the Big Board total 5.4-billion shares, compared with only 2.9-billion shares in the 1954 period cited by du Pont.

• Often recently, the small daily volumes would have been considerably smaller without a few special situations. On Tuesday of this week, for instance, activity in only three stock issues—Chrysler, American Motors, and Missouri Pacific "A" shares—accounted for nearly 10% of all trading on the board.

• **Prognosis**—How long will the present situation persist?

According to one prominent pro, Moody's Investor Service, "the recent rally seems [mostly] to have reflected belief that war threats have declined and that business is still at a high level." However, it warns that "sub-surface signs continue to indicate a slowing down ahead in business and earnings," even though "the tempo is gradual and nondynamic."

"There is still no reason," Moody's adds, to "assume that this [rally] is the early stage of a large and important rise."

Thus, Moody's concludes: "Most stock investors would do well to base their investment plans on the following ideas: Not to hesitate to sell stocks . . . [of] featureless companies. To buy stocks sparingly and only selectively now. To keep a moderate stock buying reserve largely intact . . . to hold confidently stocks of aggressively managed, financially strong companies."

Rally Leaders . . . and Laggards

Stock Group	*Rally Gain	Stock Group	*Rally Gain
Machinery	9.0%	Chemicals	3.1
Lead, zinc	8.2	Finance companies	3.0
Aluminum	7.5	Steel alloys	2.9
Motion pictures	7.4	Food companies	2.7
Sugar	7.3	Automobiles	2.6
Rayon, acetate yarn	6.6	Radio-TV, electronics	2.6
Sulphur	6.6	Tires, rubber goods	2.3
Oil	6.5	Railroad equipment	2.1
Metal fabricating	5.8	Building materials	1.9
Food chains	5.8	Mail order, general chains	1.9
Electrical equipment	5.5	Confectionery	1.8
Electronics	5.3	Paper	1.8
Containers	5.3	Shoes	1.8
Mining, smelting	5.2	Vegetable oil	1.7
Drugs	5.1	Fertilizers	1.6
Office, business equipment	4.9	Textile weavers	1.5
Elec. household appliances	4.7	Shipbuilding	1.1
Machine tools	4.4	Soaps	0.8
Copper	4.3	Steel	0.8
Distillers	4.0	Air transport	0.7
Cigarette manufacturers	3.6	Printing, printing equipment	0.6
Department stores	3.6	Shipping	0.5
Farm machinery	3.5	Aircraft manufacturing	0
Carpets, rugs	3.5	Bituminous coal	0
Auto parts	3.4	5¢, 10¢, \$1 chains	0
Paper	3.3	Cigar makers	0
Auto trucks	3.2	Gold mining	0

Data: Standard & Poor's Weekly Stock Price Indexes.

* Recent level vs. 1957 low.

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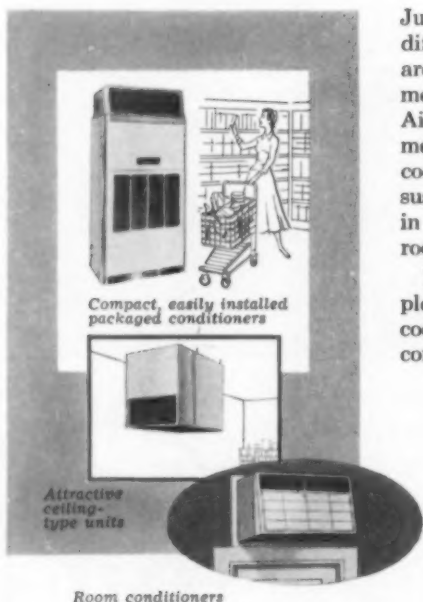


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PERSONAL BUSINESS

BUSINESS WEEK

MAR. 16, 1957



If you're any kind of an auto fan, you know there are more foreign sports cars whizzing around these days than ever before. European manufacturers think this will be their biggest year in the U. S.—despite Detroit's competition, the Ford Thunderbird and the Chevrolet Corvette.

You may want one, too. Right now is a good time to buy—you'll get better trade-ins and wider selection than later in the season.

Sports cars are "different"—they have extra eye-appeal and an intangible prestige value. Most of all, they're great fun to drive. True, they're less comfortable than a conventional model—but their great attraction is mostly looks and road performance, not size or comfort.

What is a sports car? Some experts say any car that can be used for both racing and normal city driving. Others insist it must have these features: short wheelbase (with minimum overhang, which permits fast and accurate steering); low center of gravity; four or more forward gears; over-size brakes; and firm suspension to reduce body roll.

Most Detroit standard cars have a higher top speed than a lot of sports models—but most any sports car can "outperform" a more powerful Detroit sedan on hills or curves and out-maneuver it in traffic. Moreover, recent improvements to satisfy American tastes have made sports cars softer riding and roomier—although most still have only two seats. Some models—like the Thunderbird, the Mercedes-Benz 190 SL, or the Bentley Continental—combine sports car looks with comfort.

If you'll be in the market this spring, canvass the field carefully. Here's a fast rundown of the sports car market:

- **Under \$2,600.** Two British cars are available—the MGA and the Triumph TR 3. The MGA (about \$2,300 in New York) is not high speed (around 95 mph.), but has superior handling qualities. Upkeep and depreciation are low, with gas mileage high. Now you can get a coupe with roll-up windows (once a rarity on sports cars).

The Triumph (\$2,600) can out-perform the MGA, and is also economical. Either model makes a handy second car—but seating and luggage space in both is limited. You can take only one passenger beside the driver in the MGA, while the TR 3 boasts a jump seat.

- **\$3,000-\$4,000.** You'll find the Austin-Healey (\$3,195) a sprightly 100 mph. roadster with a smooth ride. A plastic hardtop is optional.

The Porsche Speedster (\$3,330) is a rear-engined, air-cooled car with a good racing record. It's German-made, more streamlined than most, and its steering and cornering are rated superior. Other models include the 1600 coupe (\$3,700) and the convertible (\$3,950).

Alfa Romeo Giuletta (\$3,497), a newly designed Italian import, features a small engine capable of high speed, and excellent mountain-country brakes.

Jaguar XK 140 (\$3,600) is a large-engined, six-cylinder roadster capable of very fast acceleration and sustained high speeds. The Jag is both a racer and a docile performer in traffic. Other models are the coupe (\$4,045) and the convertible (\$4,610).

- **\$4,000-\$5,000.** The Chevrolet Corvette (\$4,600), the only real American sports car according to purists, competes favorably with its European rivals. It has an all-plastic body and can be obtained as a hardtop.

Mercedes-Benz 190 SL (\$4,800) is a fast-touring German car with an optional third seat in the rear and ample trunk room. It does not match other sports cars in acceleration, but can sustain high speeds.

PERSONAL BUSINESS (Continued)

BUSINESS WEEK

MAR. 16, 1957

• **Above \$5,000.** You'll find luxury combined with outstanding performance. But this is a little like owning a yacht—upkeep is very high.

Lancia Spyder (\$5,325), a fast small Italian model, is a fine performer, always. You can get a convertible version of the Spyder (\$5,675). Lancia also makes the Gran Turismo (\$6,320), a fast two-door sedan.

Aston-Martin (\$5,950 coupe, and \$6,150 convertible) features fine British coachwork and a powerful engine. It has a jump seat, good trunk space.

Mercedes Benz 300 SL (\$8,500) is a competition car with gull-wing doors and excellent brakes. Mercedes is bringing out a convertible this summer.

Ferrari (\$10,000 up), Italian, is primarily a competition car that takes expert handling. Like the 300 SL—it's not for commuting.

Bentley Continental (\$19,333), made by Rolls-Royce, is the ultimate. It can perform like a fine sports car, yet has unsurpassed coachwork and interior. It seats four or five passengers.

Second-hand sports cars can often be picked up at big discounts. But be careful—repairs and parts are costly. Take a good mechanic along.

—•—
There's a new rash of tax trouble over entertainment expense deductions. If you're an owner and executive of a closely held corporation, you may be slated for an especially rough time.

Internal Revenue Service officials, in effect, are saying this:

• **All entertainment expense deductions**—no matter what kind of ownership or executive set-up you have—will get a closer-than-ever going over by IRS agents (and current cases back this strongly). Expenses that lack a clear "business purpose" or that aren't properly substantiated will be disallowed.

• **Owner-managers of closely held corporations** are in for double treatment. Not only will your companies be denied these deductions, but you will have to pay personal income tax on the amounts in dispute.

• **To get your deduction for non-reimbursed entertainment expenses**—those paid out of your own pocket, as part of your over-all duty to the company—you must show (1) at least a reasonable chance of benefit to the company, (2) that you had been specifically asked to make the payments, or (3) that your position in the company carries this implied duty.

Recently a top New York executive had some non-reimbursed expenses challenged—he could easily have avoided this by producing a policy statement from his company showing his obligation to entertain.

—•—
Growing money on trees isn't so far-fetched as you might think—if you can turn your unused land into a tree farm, a tract adjoining your summer place, for instance. If you already have a natural stand of trees, it can be thinned and harvested in five to 10 years—if given proper management. Or you can plant a stand of trees on fallow land as a solid long-term investment.

You can expect to net an average yearly return of 5%. Another advantage is you may get long-term capital gain and cost depletion.

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For details, write to American Forest Products Industries, 1816 N St., N.W., Washington 6, D. C.



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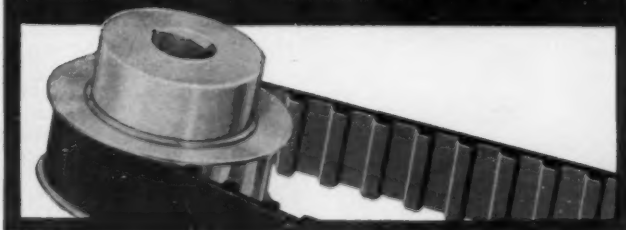
He's just hooked a beauty! Now comes the delicate job of keeping that line under constant, *controlled* tension. Without it, the fish will probably get away.

Controlled tension is also vital when winding a web of material—whether it be plastics, paper, threads, metal strips, cotton. Without it, the web will "get away"—stretch, wrinkle, or break. That's why U. S. PowerGrip "Timing"® Belts are so integral a part of the "floating roll" (illustrated at right) and similar industrial tension controls.

These unique transmission belts provide immediate, positive response to the ever-changing tensions that occur when winding a web of material. It is one more example of PowerGrip's ability to simplify and improve a power transmission unit.

For appliance design or plant conversion—from flea-power to 1000 horsepower—U. S. PowerGrip "Timing" Belts deliver near-100% efficiency at exacting speed controls. These belts, plus expert power transmission service, are obtainable at the 28 "U. S." District Sales Offices, at "U. S." power transmission distributors, or contact us at Rockefeller Center, New York 20, N. Y. In Canada, contact Dominion Rubber Co., Ltd.

The tension on the wire wind-up drum (A) is reflected through "floating roll" (B) which in turn controls the drive. In this operation, U. S. PowerGrip "Timing" Belts (TB) give exact response to the constant change of tension caused by variations in speed of the wind-up drum. Hence, no belt lag, no loss of control as with previous belts.



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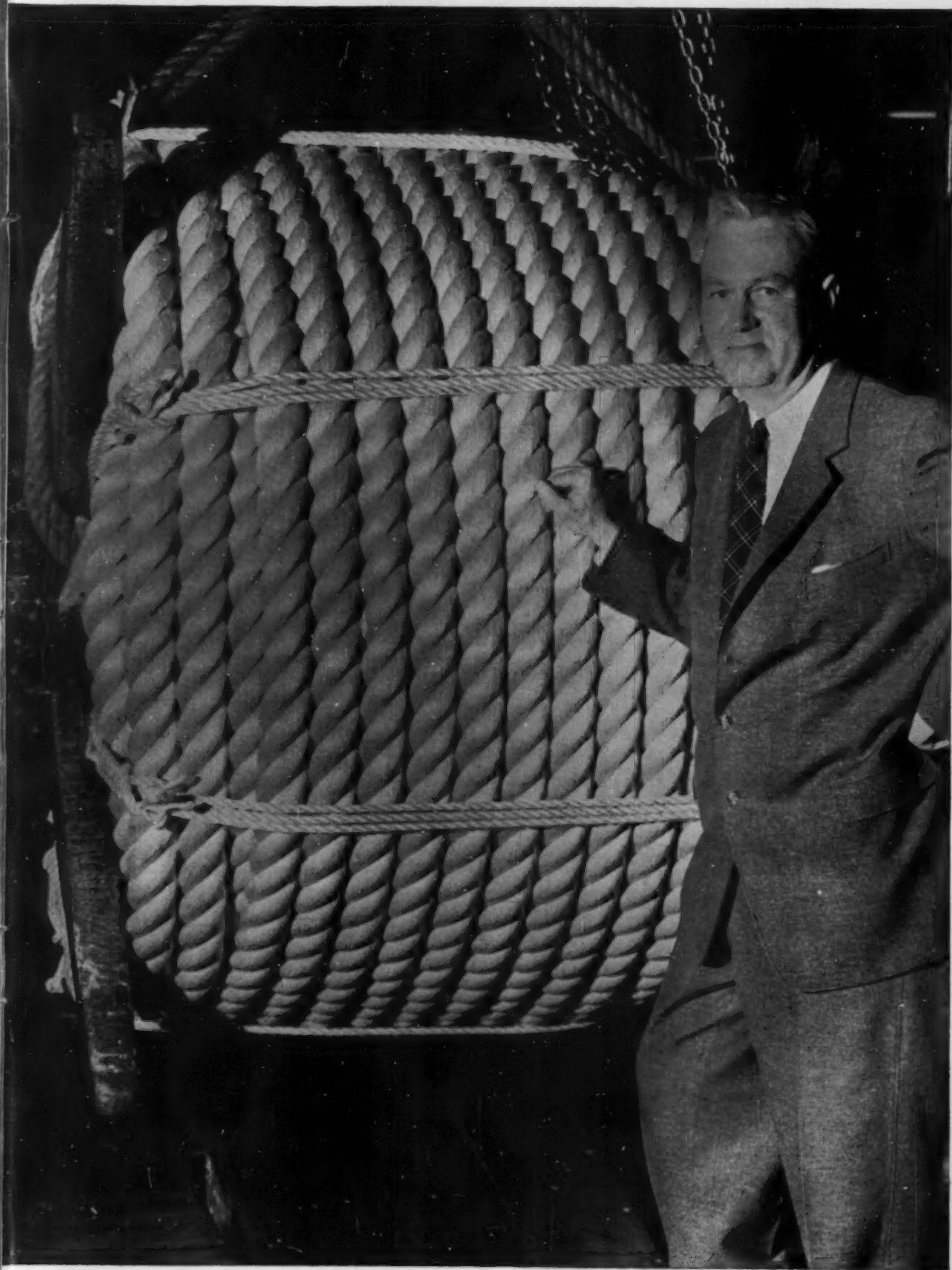
"This 'mechanization' saves valuable time that would otherwise be needed to pre-sell Plymouth products. It also helps maintain a valuable selling 'climate' with past and present customers."

The concept of 'mechanized selling' Mr. Bradley refers to is the application of business magazine advertising to the preliminary steps of creating sales: establishing contact, arousing interest, and creating preference. This enables your salesmen to concentrate on their primary jobs—making a specific proposal and closing the order.

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COMPANIES



BUS OFFICE gives Pres. Genet a chance to work while on road, like a railroad executive.

MOTEL owned by Greyhound in the Florida Keys could well be the start of a nationwide chain.

CAR RENTAL started at Greyhound's Cleveland terminal (below) will spread to 40 cities by yearend.



Building a Highway Empire

Greyhound, after a series of mediocre years, is making strides not only in carrying passengers but also in several of related fields. Pres. Arthur S. Genet (left) sees its mission as including nearly every type of highway business.

EMployees at all Greyhound terminals and way stations make a habit of keeping one eye open for a split-level Scenicruiser bus bearing the number GC-13 (cover and left).

From the outside, GC-13 looks like any of a thousand Scenicruisers in Greyhound Corp.'s fleet of nearly 6,000 buses. Inside, it's different. For one thing, it's equipped as a handsome executive office, as in a railroad president's private car. For another, Arthur S. Genet (cover and left), Greyhound's president, is riding in it.

GC-13, the only bus operated directly by the parent Greyhound Corp., is Genet's way of traveling the company's 100,000 route miles. Since it was fitted out for Genet last summer, it has taken him over more than 25,000 mi. By the end of 1957, it will have taken him another 50,000 mi.

I. New Head Man

The 47-year-old Genet came to Greyhound as president on Jan. 1, 1956, after nine years as traffic vice-president of Chesapeake & Ohio Ry. He was hired as a troubleshooter, and he lost no time shooting it.

For his first six weeks he never stopped moving—touring the headquarters of the 10 operating companies in the U.S. by plane. He talked to the operating presidents, looked at the facilities and personnel he had inherited.

After the first six weeks, Genet nominally settled down to his desk at Chicago headquarters, but actually he has gone on spending half his time on the road. That's why he got GC-13 fitted out last summer for his use. Thanks to the grapevine, his visits rarely catch employees by surprise, but his first whirlwind tour and its consequences left enough impression to keep everyone on his toes.

• **Clean Sweep**—Genet gave up a good job at C&O to take the Greyhound presidency—at \$90,000 a year, a stock option, and other inducements. His assignment was clear: to reverse the decline of Greyhound from a 1953 peak. Greyhound calls itself "the world's largest passenger transportation company," traditionally does half the U.S. intercity bus business.

Dissension at high levels had spread to the regional operating companies, and earnings had suffered. The board of directors had hired consultants, who had recommended that they bring in a competent outsider to clean things up. Genet was the choice.

He and the heads of the operating companies reviewed the performance of every supervisor. All supervisors below the level of president were ordered to take aptitude, intelligence, and judgment tests. Those who didn't measure up—259 of them—were dropped from the payroll. Genet calls this pruning operation by far the most distasteful

job that has ever confronted him. • **Morale Effect**—Inevitably, such a shakeout, reaching all the way up to regional and division managers, caused consternation in the ranks, and resentment. But Genet followed a policy of filling all the vacated spots from within the organization (aside from himself, only one man—a financial specialist—has been brought in from outside). That was popular at Greyhound.

Besides, the feeling gradually grew on Greyhound people that Genet's tactics were getting results. Today, half a year after the peak of the purge, the typical employee will go so far as to say that Genet saved his job. Veteran executives who welcomed Genet with tongue in cheek have been won over completely, despite their regret over the firings.

"It's a job that should never have had to be done," says the president of one operating company. "Practically all of those who were severed should never have been placed in the jobs from which they were fired. They didn't have what it takes, to start with. Friendship played too big a part in too many cases. Getting our house in order should have taken place 10 to 15 years ago."

II. Vision of Hope

Genet also brought to Greyhound a new and broader view of its role in the intercity bus industry, and of the industry's role in the U.S. economy. With faith in the soundness of his operating managements, he is encouraging the divisions and subsidiaries to go ahead with new ideas.

Genet preaches that Greyhound is no

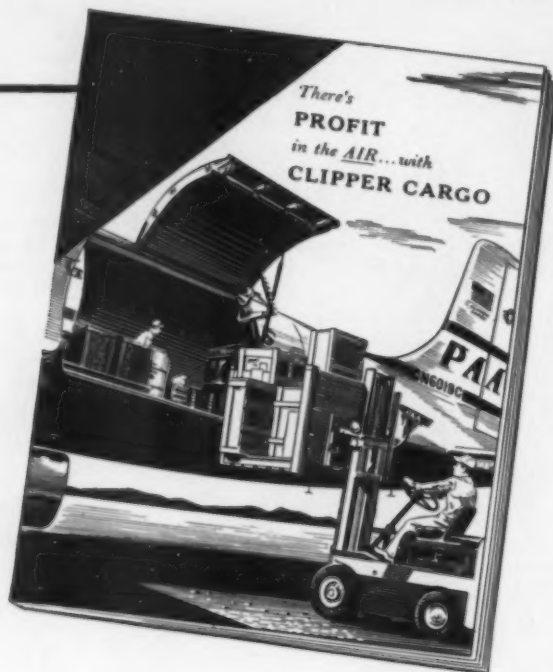
MOVING VANS are operated all over the country by a wholly owned subsidiary of Greyhound.



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*Trade-Mark, Reg. U. S. Pat. Off.

176 Companies



HARD-HITTING Pres. Genet was brought into Greyhound by directors Arthur M. Hill, H. G. Wellington, and Richard L. Griggs to cure company's ills.

longer in business merely to haul passengers. He wants to put it in practically every enterprise that involves the use of highways, except common-carrier trucking and gasoline retailing. As he rides the Greyhound circuit in GC-13, this thought is now uppermost in his mind: Every facility that the company owns must be utilized to the fullest extent.

• **Chain Reaction**—Genet's thinking can be interpreted from the obvious expansion of Greyhound's sphere of activity in the past year:

Buses run anyway, often with empty space in their baggage compartments under the floor. Since soon after its founding in 1926, the company has offered a package express service; now Greyhound is going after more of this business.

Last November, it opened a nationwide C.O.D. service; it is seeking more industrial and government business, including the mails, and it has a new tie with 16 airlines and two airfreight forwarders for moving air express between airports and 6,000 communities that aren't served directly by air.

Garages and sales forces can handle more than just the bus business. So the Greyvan household moving company has been spurred—last year it produced its first profit, slightly more than \$200,000. Mechanics and sales forces also support the fast-growing Greyhound Rent-A-Car business (which started last year), the bus charter service, and the conducted tours.

Buses have to stop at rest and meal intervals, and the Greyhound Post Houses might as well serve the motoring public, too. The Post House operation netted \$525,000 last year in its overhauled form. It is about to establish

BUSINESS WEEK • Mar. 16, 1957



As the
new Spring
comes in again
so does
your Old Friend...



Golden-yellow is one of the bright colors of spring . . . and one of the bright banners, too, in the spring market-place. For this is the color of Brass . . . bright, cheerful, faithful Brass . . . spring and summer servant in a thousand ways in which no other material can serve as well.

Yes, Brass lasts, and lasts . . . far outlasts any of its substitutes or imitators. So when you go to buy fishing tackle, garden gadgetry, boat gear, and other outdoor oddments, be sure they're solid Brass. *For then you'll get your money's worth.* And we'll know, too, that when you buy top-quality products, you're bound to buy a lot of good, solid Bristol Brass . . . *than which there is none better.*

And if you fabricate these, or any other products which can use Brass . . . then let us show you what Bristol Brass mill products can do to help your sales. Write.

The Bristol Brass Corporation

has been making Brass strip, rod and wire here in Bristol, Connecticut since 1850, and has offices and warehouses in Boston, Buffalo, Chicago, Cleveland, Detroit, Milwaukee, New York, Philadelphia, Pittsburgh, Providence, Rochester, Syracuse. The Bristol Brass Corporation of Ohio, 1607 Broadway, Dayton



"Bristol-Fashion" means **Brass at its Best**

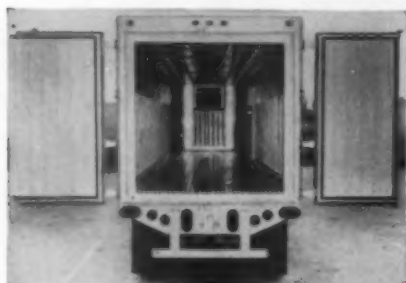
ALTERMAN CHOSE RUBATEX AFTER TESTING FOUR TYPES OF INSULATION

"We have been using Rubatex Insulation Hardboard exclusively for the past four years and have found it to be the best of four different types of materials we had tested.

"Rubatex is more effective because it withstands heat better—is capable of supporting and carrying the load without need of supporting cross members—can be laid solid, eliminating any possible chance of bleed-thru, making a solid-pack floor which is a better insulator than anything else."



Sidney Alterman, President
Alterman Transport Lines, Inc.
Miami, Florida



Entire fleet now has solid-pack floors—the best insulator your money can buy!

45 sheets of 27" x 54" x 2" Rubatex R-103-S Insulation Hardboard are used in each van. Floors of 125 Alterman semi-trailers plus 42 pick-up-and-delivery trucks are now insulated with Rubatex.



Rubatex does away with any need of uprights—cuts the weight of the trailer—greatly increases the payloads in transporting perishables to and from Florida on routes to the Northeast and Midwest states.

Self-supporting, load-bearing Rubatex makes it possible to install a full floating aluminum floor more effectively and at less cost than other insulating materials because they require additional support.

Rubatex cuts cost of insulating the aluminum floor and fastening as well. Saves cost of installing supports. Eliminates cost of materials used for supports.

Add these cost-saving advantages to the tested qualities of zero moisture pick-up, greater heat resistance than any known structural material, plus its light weight—and you have the best low temperature insulation money can buy.

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Name _____

Send for
**Free Sample
and
full details**

"...bus vacations will be the nation's most popular form of diversion'..."

STORY starts on p. 174

restaurants in the chain of Holiday motels, and it has a motel of its own in the Florida Keys that may be the seed of a chain.

• **Core of the Business**—Genet's concern over full utilization through operations like these takes nothing away from his attention to Greyhound's basic business of hauling passengers. He's promoting heavily and investing heavily, working this year on \$12-million worth of new passenger terminals and \$19.5-million in orders for 500 new buses.

"We're tooling up for a sure thing," says Genet.

Within the next 10 years, he predicts, annual dollar volume of the bus industry will more than double to a \$1-billion level. The number of communities without rail or air service will double from 50,000 to 100,000, he says, and "bus vacations will be the nation's most popular form of diversion."

III. Greyhound's Empire

Greyhound Corp. itself doesn't operate any buses except Genet's GC-13. It has six operating divisions: Eastern Greyhound Lines, with headquarters in Cleveland; Southeastern Greyhound Lines, Lexington, Ky.; Great Lakes Greyhound Lines, Detroit; Northland Greyhound Lines, Minneapolis; Florida Greyhound Lines, Jacksonville; and Northwest Greyhound Lines, Seattle.

The company also has two wholly owned operating subsidiaries in Canada: Eastern Canadian Greyhound Lines, Ltd., Windsor, Ont., and Western Canadian Greyhound Lines, Ltd., Calgary, Alta.

Other bus operating subsidiaries controlled by Greyhound include Pacific Greyhound Lines of San Francisco, 97.91% owned and scheduled for merger next summer with the Northwest Div.; Southwestern Greyhound Lines, Inc., of Fort Worth, 86.21% owned; Atlantic Greyhound Corp. of Charleston, W. Va., 80.01% owned, and Richmond-Greyhound Lines, Inc., of Richmond, Va., 51% owned.

Greyhound Corp. also owns all of Greyvan Lines, Inc., and Greyhound Highway Tours, Inc., both of Chicago; Greyhound Post Houses, Inc., of Forest Park, Ill.; Ann Arbor City Bus, Inc., and Greyhound Rent-A-Car, Inc. It owns 47.61% of Greyhound Motors & Supply Co. of Niles, Ill.

• **Earnings Trend**—When Genet took over in January, 1956, earnings had

dropped from their recent high of \$1.35 per common share in 1954 (the \$6.34 in 1946 was exceptional, though per-share earnings ran above \$3 in most of the war years). Despite the use of every tax device possible, earnings were down to \$1.18 for 1955.

This reflected a decline in net income from \$16.1-million in 1954 to \$13.8-million in 1955. The sag in gross operating income from bus business was from \$244.9-million in 1953 to \$227.1-million in 1954 and \$225.9-million in 1955.

To Genet, the \$1.18 earned per share looked even thinner when \$1 per share was being paid in dividends. And things were getting worse. In the first quarter of 1956, Genet was shocked to find that earnings dropped 7¢ a share below the corresponding quarter of 1955.

• **Turning Point**—Under Genet's pruning and cultivating, revenue seems to have started the company to growing again. The 1956 annual report, out this week, shows net income back up to \$14,691,856, earnings per share up to \$1.27. Gross operating income from buses is up from \$225.9-million in 1955 to \$243.9-million last year.

The bulk of the gain in net income, of course, came from bus operations. About the only other help to net was the \$200,000 or so from Greyhound and the \$525,000 from the Post Houses.

Genet noted the shrinkage of the bus fleet and of scheduled runs. In 1953, Greyhound owned 6,469 buses, operated 551-million bus miles; in 1955, it was down to 5,988 buses operating 494-million miles. He acted to step up the schedule to 506.8-million miles last year by getting more use out of 5,879 buses.

In January of this year, bus miles were up 1.5-million from a year earlier, and revenue was up sharply, too. Bus miles may total around 515-million for 1957, and Genet is aiming at earnings of around \$1.32 a share. The first quarter appears to have gained 5¢ a share over a year ago.

IV. Challenge to GM

Genet's most spectacular feat in 1956, however, was last summer's threat of a damage suit against General Motors Corp. over failure to obtain satisfaction for alleged defects in 1,000 Scenicruisers costing \$53-million. It was no mere tilting at windmills, either.

By October, a settlement had been reached without the filing of papers. Among the terms of agreement was the condition that neither side reveal how much money GM paid. Greyhound people will say only that the amount gave their directors a rather pleasant surprise.

At the time of the settlement, Grey-

THE MILWAUKEE ROAD

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New cars, new tools expedite freight service. Special cars for modern industrial needs . . . three "push-button" yards at strategic points . . . advanced automation in maintenance and operation. 28,000 skilled railroaders are using these new tools for better service.



New comfort for Passengers

Take it easy on a Milwaukee Road streamliner. Enjoy luxuries such as Super Domes, Dome Diners and Skytop Lounges; economies such as Touralux sleepers. Comfort and courtesy go with you on the friendly Railroad of the friendly West.

Try the train—the *right* train. Ask your Milwaukee Road man for full information.

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Headquarters:
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SUPER DOMES

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STREAMLINERS

City of San Francisco
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Pioneer Limited (Chicago-St. Paul-Minneapolis)

DOMELINERS

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How to keep informed on the "with what" part of your business

AT YOUR FINGER TIPS, issue after issue, is one of your richest veins of job information — advertising. You might call it the "with what" type — which dovetails the "how" of the editorial pages. Easy to read, talking your language, geared specifically to the betterment of your business, this is the kind of practical data which may well help you do a job quicker, better — save your company money.

Each advertiser is obviously doing his level best to give you helpful information. By showing, through the advertising pages, how his product or service can benefit *you* and *your* company, he is taking *his* most efficient way toward a sale.

Add up all the advertisers and you've got a gold mine of current, on-the-job information. Yours for the reading are a wealth of data and facts on the very latest in products, services, tools . . . product developments, materials, processes, methods.

You, too, have a big stake in the advertising pages. Read them regularly, carefully to keep job-informed on the "with what" part of your business.

McGRAW-HILL PUBLICATIONS



"... Greyhound is launching a different kind of advertising campaign . . ."

STORY starts on p. 174

hound also announced a new order to GM for 500 buses—single-deckers, not Scenicruisers—for \$17-million (BW—Oct.20'56,p36). Before more Scenicruisers are ordered. Genet wants more engineering work done. For example, he wants the interiors redesigned and the two 4-cyl. diesel engines replaced by an 8-cyl. engine.

• **Multiple Suppliers**—Greyhound officials say GM got the 500-bus order because no other domestic manufacturer could deliver this volume, needed soon by the operating companies. But Genet is also encouraging other bus builders, here and abroad, to get into competition for his business.

Greyhound is operating three engines built by Mack Trucks, Inc., in GM buses and is also field-testing a foreign engine. Other domestic and foreign engines and buses will be tested in the next couple of years.

"I am not tied to the apronstring of any bus manufacturer," Genet tells his engineers and operating executives. "I am interested in getting whatever bus is best for Greyhound."

Instead of buying by the lot, Genet also hopes to schedule deliveries around the calendar, one or two buses a day. This purchase system should be more economical, he says, and permit mechanical improvements more readily.

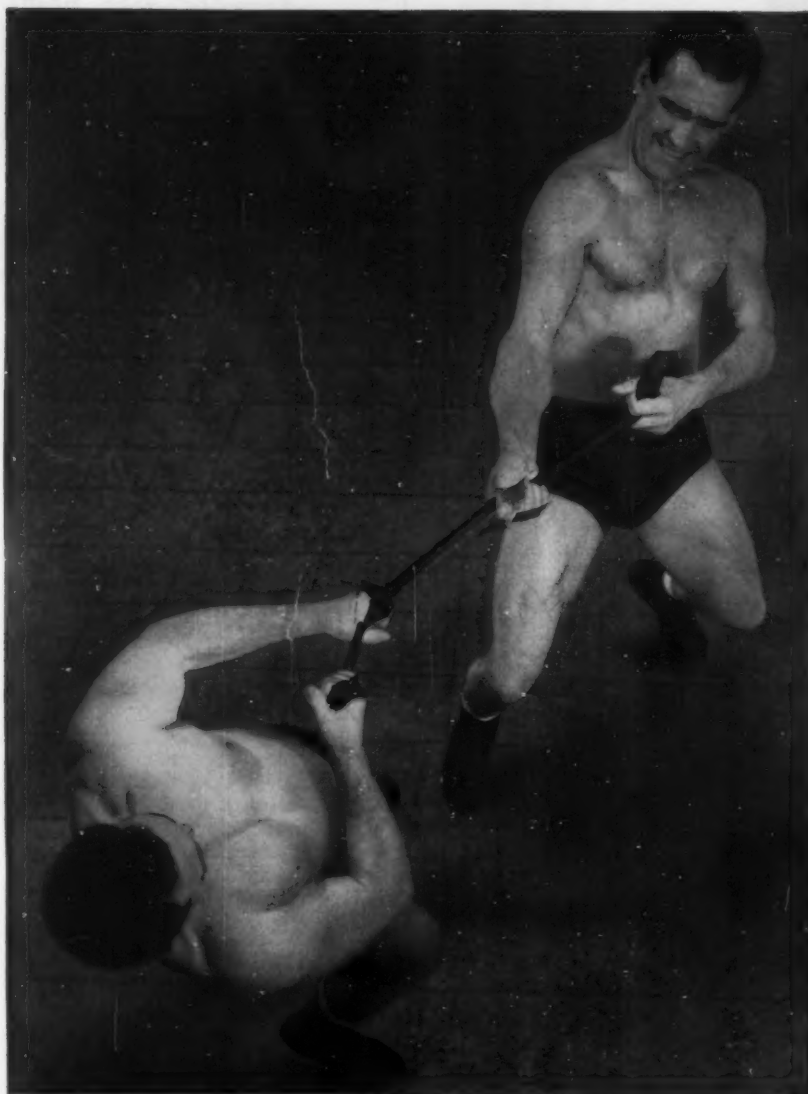
V. Luring Passengers

Increasing the operating miles—which means more scheduled runs—doesn't help earnings unless the bus seats can be filled. That has been, and will continue to be, Genet's biggest problem.

Early in his tenure, Genet called in outside agencies to study the passenger business and to spot the weak points in Greyhound's sales program. Surveys showed that Greyhound executives already knew that the chief competition was the private automobile. Yet Greyhound had not been aiming its sales promotion in that direction.

• **New Campaign**—Now Greyhound is launching a different kind of advertising campaign. In 1957, about \$5-million—roughly 1¢ per bus-mile—will be spent on advertising. That's the same as last year, but the money is being spent on different media. Instead of being largely in newspapers, Greyhound's 1957 advertising is 54% in TV and radio.

For 13 weeks starting Apr. 7, Greyhound will have one-third of the commercial time on the Steve Allen Sunday night hour on NBC-TV, with an op-



World's strongest tape?

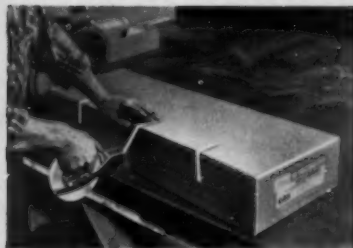
Even 468 lbs. of wrestlers can't break it! "Scotch" Brand Filament Tape is amazingly strong, super shock-resistant. Thousands of filaments imbedded in the pressure-sensitive adhesive give it up to 500 lbs. tensile strength per inch of width. Four colors: Red, Blue, Black, White and Transparent. Ask your regular tape distributor how you can use it for heavy-duty packaging, or write us direct. Always specify "Scotch" Brand, the *quality* tape . . . and stick with it!

FILAMENT TAPE . . . one of more than 300 pressure-sensitive tapes for industry, trademarked . . .

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BUNDLE wood strips, metal pipe, conduit, other hard-to-handle long stock. "Mirror surface" adhesive of "SCOTCH" Filament Tape puts all the strength to work . . . holds securely.



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FREE FOLDER gives complete story on "SCOTCH" Filament Tape; how to use it for heavy-duty packaging and materials handling. Write on your letterhead to 3M Co., Dept. BF-37.





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The Baptist Sunday School Board building, Nashville, Tenn., is a good example of Michaels workmanship. Here the careful arrangement of non-ferrous metals produces unusual contrasts and strikingly beautiful effects.

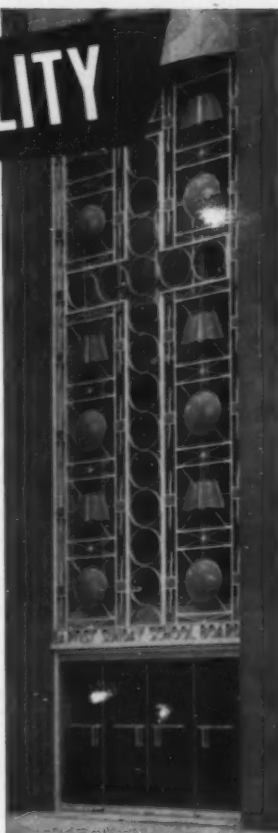
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One of the Nation's Largest Fabricators of
Architectural Metal Building Products



"... Brawner sees gains
already, especially among
traveling businessmen..."

STORY starts on p. 174

tion to renew. The sound track includes a jingle—"It's a comfort to ride the bus—and leave the driving to us"—in the best singing commercial vein.

The entire advertising campaign will be slanted to attract the private automobile driver to Greyhound buses for his intercity travel. At the same time, Greyhound is missing no chance to draw customers away from the airlines and the railroads. Genet's goal is to add one passenger to each bus run this year, and he doesn't care where the passenger comes from.

• **Faster Than Air**—Peirce Brawner, vice-president of sales and traffic for Eastern Greyhound, is showing the way in personalized selling that is starting to pay off.

Within the past few weeks, more than 2,000 businessmen in the Cleveland area have received a personalized letter from Brawner that argues Greyhound's advantages in travel between Cleveland and Pittsburgh (about 135 miles). The buses, says Brawner, beat the three-hour time for air travel between centers of these cities and can match or cut the time for the automobile. Besides, the bus costs less and offers great flexibility of travel through its frequency of schedule.

The letter argues along similar lines for the popular run between Cleveland and Detroit (about 220 miles).

Eastern Greyhound is the operating company with the greatest potential—and with the longest way to go in reaching its potential. But Brawner sees gains already, especially among traveling businessmen. His type of campaign is being adopted also on the West Coast, where a similar comparison can be made between some cities.

• **Taking Over From Rail**—Genet has often expressed his hope of getting mass traffic away from the railroads. At least some of the rail lines aren't sure whether they want passengers or not. Greyhound knows that it wants them—though not the unremunerative short-haul commuter traffic.

As the railroads' economy efforts slow trains and cut down on the number of scheduled runs, Genet foresees that thousands more communities will have to depend solely on bus service. He would be happy to speed that day.

Genet admits he has conferred with top executives of several railroads about taking over all local and short-haul passenger traffic. A Western railroad is seriously considering a trial in a small part of its system.

"I have merely pointed out to the



R. E. Morris, District Manager, Golden State Co., Ltd.,
Division of Foremost Dairies, Oakland, Calif.

Because of sustained population growth...

INDUSTRIES "GROW PLACES" IN MOA

(Metropolitan Oakland Area)

Golden State's experience is reasonably typical. Although the milk business is comparatively stable, they have expanded MOA facilities five times in the past 10 years, and volume is up 29% as illustrated above.

Mr. Morris says, "The basic reason, of course, is our continued population boom. MOA is now the West's second largest market. Other factors that provide a good business climate for Golden State are excellent transportation and distribution facilities, plus an abundant source of our basic product and a good quality labor supply."

It's a familiar story. Since 1945, branch plants of 28 national firms have expanded their MOA operations 97 times... investing an additional \$59 million to supply fast growing Western markets.

For your next branch plant, MOA (all of Alameda County) offers nearly 4 million high-income customers in the immediate neighborhood... the most centrally located distribution point for reaching 24 million in the 11 Western states... year-round mild climate... plentiful

supplies of low-cost water and power... a splendid transportation network and unexcelled harbor facilities.

WRITE FOR FREE FACTFILE

By return mail you will receive complete, strictly factual, Data Sheets providing a reliable "pre-market" survey of climate, markets, living conditions, transportation networks, sources of supply and plant location map of 200 Nationally known firms. Your inquiry will be held confidential.

"On the Mainland Side of San Francisco Bay"

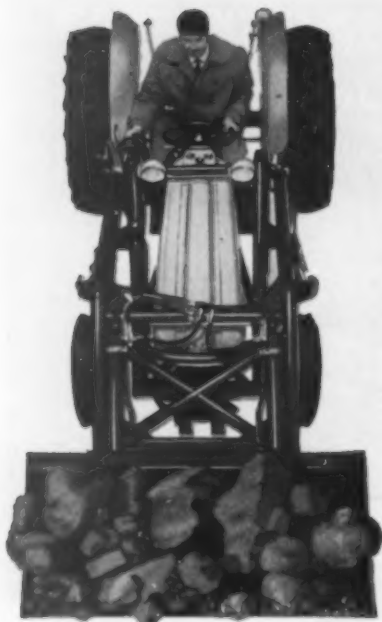
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Oakland
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ALBANY
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...with a Wagner Tractor
Loader and Attachments

For saving money in moving sand, gravel or any bulk material in your plant or yard, no other tractor loader compares with Wagner. That's because Wagner loaders are specifically designed to do more loading jobs faster and better. What's more, quickly-mounted attachments convert the loader into a tool that simplifies all your materials handling jobs, make the Wagner Loader one of your most valuable and versatile plant maintenance tools.

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CATALOG WRITE DEPT. 38



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Milwaukee 1, Wisconsin



GENET'S OFFICE ON WHEELS makes a luncheon stop at the Wytheville (Va.) Greyhound terminal. The cafeteria is open to the public.

railroads," says Genet, "that where this local passenger service costs them \$4 per mile, we will be happy to step in and do the job for them at 50¢ per mile."

Greyhound estimates that there's a potential of 200-million additional bus-miles if the railroads should all agree to such a transfer.

Meanwhile, the turnpikes are giving Greyhound a new "super" right of way that permits buses to compete with the railroads for long-distance passengers. Greyhound is about to announce a new 18-hour express bus between New York and Chicago, three hours faster than the present schedule and not far behind the crack express trains.

- **Airport Service**—For several years, Great Lakes Greyhound has been providing coach service between the airport and downtown Detroit. Genet sees a gain for this type of service when the jet transports take over.

To save on fuel, the jets may not taxi to the airport terminals for loading and unloading. Instead, passengers will probably be taken to and from the planes at the ends of the runways. Greyhound wants this business. The Detroit operation was the idea of Robert W. Budd, president of Great Lakes Greyhound.

VI. Around the Edges

Genet's principle of getting the highest possible return on equipment promises to pay off richly in the parcel express business. With virtually no extra expense, since it uses existing staff and facilities, the package express business is growing from \$9.5-million in 1955 to a projected \$30-million five years from now.

The tie-in with airlines and airfreight forwarders is already so successful,

Greyhound people say, that practically all of the remaining airlines and forwarders are making moves to participate in the service.

Meanwhile, Greyvan (household moving subsidiary) and Greyhound Post Houses (restaurants and rest stops for motorists as well as bus riders) are in the black. Post Houses, headed by Joseph F. Edwards, netted \$525,000 last year on a volume of \$19.5-million from more than 140 units, and at least a 10% gain is predicted for the current year. Greyvan also hopes to enlarge last year's \$200,000 net.

- **Car Rental**—Greyhound Rent-A-Car, Inc., came into being only last March. At first, it concentrated on fleet-leasing, and last November it acquired the R. A. Co., a major national fleet-leaser.

In January, after a successful pilot operation in Cleveland, the company inaugurated nationwide passenger car rental service. It is operating in 12 cities, with 28 others to be added by the end of the year. It has 125 fleet leases in effect and expects more than 275 others by yearend. Greyhound is buying about 12,000 new cars this year and another 8,000 early next year.

The subsidiary is expected to start showing a profit next year.

- **Giant Steps**—"We went a long way last year in our tooling-up," says Genet. "The complete tooling-up job will never be completed, but we will take more giant steps in that direction in 1957—our entry into new fields of transportation, the growth of our service divisions, the decline in railroad passenger service, and the rise in fares, all point to Greyhound's having a sure thing."

"And if another factor is needed," he adds, "we certainly have it in the coast-to-coast highway construction program." **END**

General Electric offers

ZONE-BY-ZONE Air Conditioning

for any budget, any business, any building (new or old)



Each work center individually cooled because each General Electric Unit is individually controlled

Consider the advantages of this flexibility: you cool only the areas you want, when you want. You meet the individual temperature requirements of each zone without expensive special equipment.

General Electric Zone-by-Zone Air Conditioning—using compact units that require no essential space—is installed without costly shutdowns or major alterations. Where space is limited, ceiling-mounted units go overhead. Floor-mounted units may be stationed away from the area being served. And all units may be re-located easily in the event

your layout is changed through expansion or moving.

No heavy initial outlay either—up to 3 years per unit to pay. For large installations, longer, more flexible terms may be arranged. Your General Electric Contractor will help you work out a financing plan.

Ask your consulting engineer to contact a General Electric Contractor about Zone-by-Zone Air Conditioning for your plant. General Electric Commercial and Industrial Air Conditioning Department, 5 Lawrence St., Bloomfield, New Jersey.

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Send on letterhead for Fact File — complete statistical area analysis.

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Cincinnati 9, Ohio



Transit Outfit Seeks More Fat

Just hauling a dwindling load of passengers keeps profits slim, so St. Louis company is branching into bus and truck maintenance, and rental operations.

Mounting traffic and clogged-up downtown streets are giving headaches to city fathers all across the country. The prosperity and urban growth that produce these civic problems are raising a different kind of lament from local transportation operators. For them, more private cars mean fewer public riders, shrinking revenues—at a time when costs are rising.

One alternative—for publicly owned as well as privately owned systems—is to try higher fares to compensate for falling traffic. Like many other lines, the privately owned St. Louis Public Service Co. has been steadily raising its bus and street car fares and introducing a raft of gimmicks to lure riders; and its profit picture is fairly bright compared to many other private transit operations.

Not too bright, however—so it's trying another tack. Like Greyhound Corp. (page 174), it has decided it need not be in business just to haul passengers, but can use its facilities and knowhow to add to earnings in other ways. Its stockholders a few weeks ago voted overwhelmingly (1,128,854 to 629) to amend its articles of incorporation to permit other activities.

Already, it is doing maintenance work in its own shops for outside bus firms, and this week it was in process of organizing two subsidiaries for its new operations. It's ready to follow wherever the call of profit leads in maintenance work, rental and leasing of automotive equipment, trucking or cartage operations, or similar lines.

Diversification, the company's aggressive president, John C. Baine, believes, is "particularly applicable to the transit industry," where dwindling patronage and higher costs put a premium on resourcefulness.

• **Like Father, Like Son**—In breaking out of the passenger-carrying rut, St. Louis Public Service Co. is following the lead of its parent, National City Lines, Inc., of Chicago, which owns 49% of its 1,490,338 voting shares. National is sole owner of local transportation companies in a number of cities, and part owner of others.

Now National is easing into the truck rental business. Last November, it set up a new, wholly owned subsidiary, National City Truck Rental Co., and already has trucks operating in 14 cities. Three more are in the cards, and it's likely that NCTR will eventually have trucks in all cities where National's 39

wholly owned operating subsidiaries are in business.

"It's a new business to us, and we're going in gradually," says a spokesman. Though figures are just beginning to come in, early returns look good. NCTR owns the trucks. There are about 50 each in Tampa and Mobile, where things are already flourishing.

Some transit companies in which National has part ownership—in Los Angeles, Philadelphia, and Baltimore, among others—are also branching out.

NCTR's truck rental plan is "a perfect maintenance proposition," the company says. As buses go out of service, the same help can handle trucks.

At present, National is not getting into outside truck repair work, though officials think that may come.

• **Aims—Maintenance**, however, is one of St. Louis Public Service Co.'s strong points—it takes special pride in its equipment, which has won national bus maintenance honors for the past 11 years. So it's branching into that, in addition to following its parent's rental lead. Of the two new subsidiaries:

• One will do bus and truck maintenance work, using the company's present shops and personnel. This would include body work, engine overhaul, repair of units.

• The second will undertake bus and truck leasing.

• **Beefing up Profits**—Plans for the new subsidiaries are not yet in any final stage, but company officials look to the new operations to beef up slimming profits. Operating revenues fell from over \$25.1-million in 1954 to about \$23.5-million in 1955. Though expenses were cut, net profit tumbled from \$1.6-million in 1954 to \$928,000 in 1955. Revenues fell again in 1956, but not so much, and cuts in costs brought earnings to \$938,000.

In the effort to boost revenues, the St. Louis company has tried such gimmicks as "park-ride" express buses (which give suburbanites a chance to park near city limits and finish the daily job trip on buses), special shopper tickets, more rush-hour express buses, and special buses for all events.

The company wages a continual battle to ease tax burdens, which in 1955 were double its earnings. It lost in lower court a suit to avoid payment of a \$700,000-a-year gross receipts tax to St. Louis, but the case is now in Missouri Supreme Court. **END**

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In Regions

• • •

Study of St. Louis Area Finds

Location a Drag as Well as Boon

The geographic location of the St. Louis metropolitan area is both an asset and a handicap, according to the first report of the Metropolitan St. Louis Survey, organized by St. Louis and Washington Universities.

Financed with \$250,000 from the Ford Foundation and \$50,000 from the McDonnell Aircraft Corp. Charitable Trust Fund, the survey is examining local governments in the area and factors affecting them. A second report, with recommendations, is due in July.

The survey found that economic growth of the St. Louis area has been slower than competing areas. That's where location is a handicap: St. Louis' whole nine-state region, and particularly Missouri and southwestern Illinois, has failed to industrialize at the national pace.

The assets in St. Louis' location are primarily twofold: It is a major transportation center and, unlike competing areas, it has enough water for industry. In addition, the diversification of industry and commerce in the St. Louis area provides strength.

As for government, the survey noted that there are 96 municipalities in St. Louis County—from which the city of St. Louis withdrew in 1876—and that the quality of city services in them varies considerably. Forty-six municipalities, for example, have no full-time employee.

• • •

Tennessee Gives Go-Ahead Signal

For Nashville Merger With County

Nashville and Davidson County are one step nearer having a single local government for both. The Tennessee General Assembly has passed, and Gov. Frank G. Clement has signed, a law permitting counties with over 200,000 population to combine city and county governments.

The law was recommended by the city and county planning commissions to eliminate duplication in governments and to provide municipal services—at most economical costs—to the entire county.

Unlike Miami, where a division of city and county functions is to be put to a vote (BW—Nov. 17 '56, p176), Davidson County has only four incorporated municipalities besides Nashville. About 45% of the population lives outside corporate limits, often getting inferior services if any at all. Two communities have incorporated themselves in recent years. To avoid further incorporations—with resulting duplication of government—and to preclude the need for Nashville's annexing adjacent land, the planning bodies advocate one government for all.

Next step will be a friendly law suit to test the legality of the new act. Then the city council of Nashville and the quarterly (county) court will name a charter commission to draft proposals for the new government. They

hope to have the commission named by May, its report in by next February, and a referendum in May, 1958, to adopt the charter.

The new law authorizes a similar step for Shelby County (Memphis), Knox County (Knoxville), and Hamilton County (Chattanooga) but the interest there is not as enthusiastic.

• • •

Arkansas Assembly Reverses Court,

Gives O.K. to New Gas Rate Base

Slapped down by the courts in its efforts to use a new theory of figuring rates, the Arkansas Louisiana Gas Co. got what it wanted in the State's General Assembly.

In 1955, the Arkansas Public Service Commission granted Ark-La a \$4.3-million increase to industrial customers by adopting the "fair field" price theory. This allows Ark-La, in figuring its permitted return, to use the price it pays other gas producers as the price for the gas it produces itself (it produces 20% of its needs). Although it has to exclude from its invested capital \$10-million worth of gas wells and producing properties, the company comes out well ahead on the new system.

Eleven big users protested. But after Pulaski County Circuit Court upheld the commission, several—including Arkansas Power & Light Co., Reynolds Metals Co., and Aluminum Co. of America—withdrew their protests and signed new contracts. The contracts, giving them priority against curtailed gas service, called for rates even higher than the commission allowed. However, four customers—Acme Brick Co., Columbian Carbon Co., International Paper Co., and Monsanto Chemical Co.—appealed to the State Supreme Court.

Last month, the higher court reversed the lower court, decided the "fair field" price theory was illegal. Next day, after the company announced it would cut back production of gas, a bill was introduced in the General Assembly to authorize the new theory.

At a public hearing, W. R. Stephens of Little Rock, Ark-La chairman who acquired control of the company in 1954, promised: "If you give us this law, there won't be a rate increase on the biscuit cookers of Arkansas for at least five years." In two days, the Assembly passed the bill, and last week Gov. Orval Faubus signed it into law.

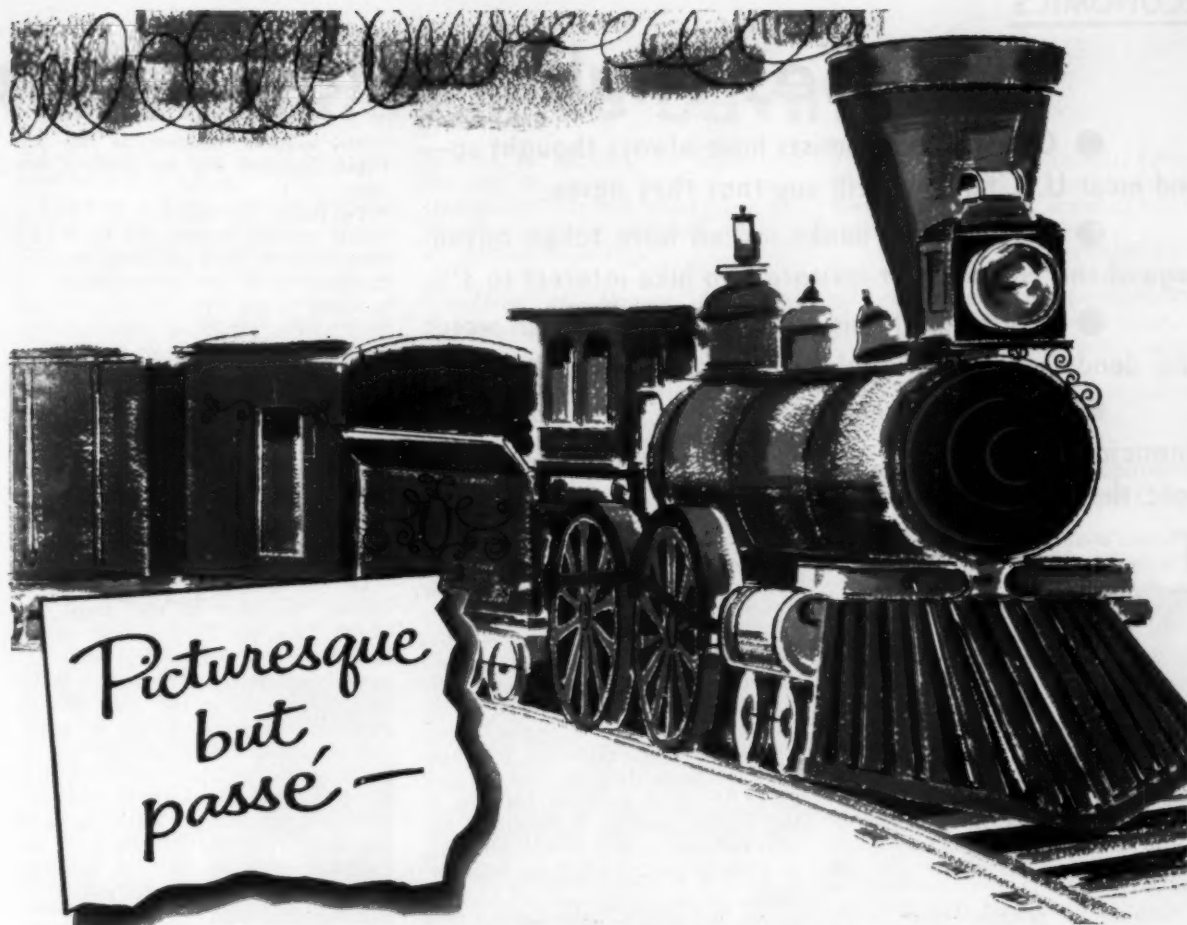
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Regions Briefs

Desire for more space was the chief reason they left New York City for suburban counties, 140 surveyed firms told the Regional Plan Assn. The association noted it was "significant" that only about 500 moved away since 1945—of over 250,000 firms in the city.

After 20 years, National City Lines' Tulsa subsidiary will cease operation June 30. Voters have approved a 25-year franchise for the locally owned MK&O Transit Lines.

Georgia's first oil well has been discovered by R. O. Leighton, of St. Paul, Minn., and Paul Dupree, of Atlanta.

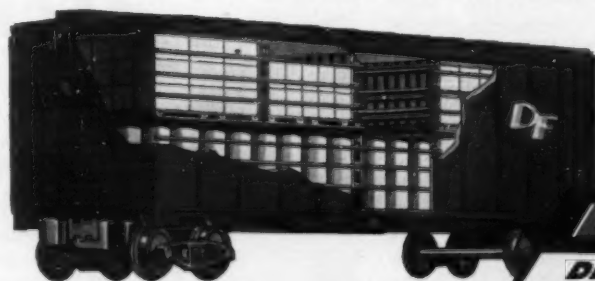


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Does Higher Interest Lure

● Classical economists have always thought so—and most U.S. bankers still say that they agree.

● But very few banks indeed have taken advantage of the Fed's recent invitation to hike interest to 3%.

● What about this apparent gap between words and deeds? Is traditional theory true or false?

● For the answers, a symposium of economic and financial experts comes up with varying opinion to illuminate the problem.

THREE months ago the Federal Reserve boosted the maximum interest rate that commercial banks can pay on savings deposits from 2½% to 3% (BW—Dec.8'56,p126). Ever since, controversial questions have been swirling through bank board rooms from coast to coast:

• If bankers increased their interest rates accordingly, would the financial institutions soon be divvying up a bigger savings pie?

• Or would the result simply be that of more intensive—and expensive—competition for slices of the same old pie?

• **Answers**—In practice, most banks haven't taken up the Fed's invitation; many, in fact, still pay less than the old 2½% top. In New York City, for instance, only 5 out of 56 commercial banks have raised their rates to 3%. And of New York's 17 banks reporting weekly to the Federal Reserve—the city's biggest banks—only one, Chase Manhattan, has adopted the new maximum. Others say they are considering it—but primarily to compete with Chase.

On the surface, it looks as if these bankers don't think a higher interest rate would increase savings deposits enough to be worth its cost. Yet most of these very same bankers still cling to one of the most hallowed among classical economic doctrines: that total saving is governed by the interest rate, and that higher interest will encourage more saving.

Bankers aren't the only ones finding it hard recently to reconcile theory and practice on interest rates. The relationship between interest rates and savings—one of the toughest problems in economics (BW—Feb.9'57,p96)—has been nagging at congressmen and senators, Federal Reserve and Treasury officials, businessmen, economists, and anyone else to whom tight money (and conse-

quently higher interest charges) are a problem.

• **Contentions**—Traditionally, the case for higher interest rates is that they stimulate saving, curb investment, and—by putting saving and investment into balance—prevent inflation. Hence, the argument goes, they should be an objective of national economic policy whenever inflation threatens. But there are some penetrating questions to put:

• What—if anything—happens to the classical position if higher interest rates turn out, in fact, to have little, no, or even an inverse effect on total saving?

• And what if higher interest rates don't do much to curb excessive investment?

• Would it then be logical to rely less on the sort of monetary policies followed by the Fed for the past two years—and to try to devise new ways to promote stable economic growth?

• **Quiz**—Such questions as these will be real thorns for the National Monetary Commission when Congress makes up its mind how the study group should be formed (BW—Mar.2'57,p34). In the meantime, BUSINESS WEEK has surveyed one controversial facet of the over-all problem of interest rates—their effect on saving. A broad cross-section of economic and financial experts in research, industry, banking, and government was asked one question:

“Will increasing the rate of interest have a significant direct or indirect effect in increasing the volume of saving?”

Many economists in official positions declined to reply, so controversial is the subject. The Federal Reserve Board, in fact, instructed its staff economists not to make any comment for newspapers or magazines. A number of other government economists decided, on their own, not to talk (“Normally, I am anxious to give you my ideas on eco-

nomic subjects; however, at this particular moment and for personal reasons . . .”).

• **No Ballot**—Nevertheless, of 72 economists queried, answers for the record came from 40. In a somewhat arbitrary classification of the 40 responses, 12 appeared to say: “Yes, the interest rate does have a significant effect on saving.” Another 20 seemed to conclude in the negative, and eight couldn't be categorized that way. The survey, however, was intended not to dispose of the question with a nose count, but to clarify it with a collection of informed views.

I. The “Yes” Men

Of the 12 saying “yes,” Harold B. Dorsey, president of the Argus Research Corp., put the case most simply. Said Dorsey: “One of the most elemental principles in economics states that an increase in the price of anything encourages an increase in supply and discourages demand. So, an increase in the price paid for savings (interest rate) should tend to increase savings and discourage borrowing and spending.” Most of the others on the same side were more cautious, however. Samples of their comments follow.

Henry C. Wallich, Yale University:

I think that raising the rate of interest will have a significant impact upon the rate of saving, although probably not at once, and not primarily in the way in which it is commonly thought.

In the first instance, a higher interest rate is likely to lead mainly to a more intensive use of otherwise idle funds. We have seen this in the last few years in the rising velocity of money. This represents no true saving and does not counteract inflation. As part of this process, savings deposits may increase, at the expense of demand deposits.

Next, however, a higher rate of interest will probably induce corporations planning capital expenditures to pay smaller dividends than they otherwise would. They could then increase their internal financing and reduce the cost and other difficulties of going to the



More Money Into Savings?

capital market. This would be a genuine increase in saving.

Likewise, a higher interest rate and tighter money will probably help to curb installment credit. Since consumer debt is "dissaving," and is so treated in our savings statistics, a slower expansion of this debt would show up as an increase in saving.

Finally, and in the longer run, a higher interest rate will probably have some effect upon saving habits of the public. The word "habit" implies that this is bound to be a slow process. . . .

Norris O. Johnson, vice-president, First National City Bank of New York:

. . . In the normal functioning of a capital market, an excessive demand for borrowed money brings an increase in interest rates and balances the savings and investment equation by discouraging demand and encouraging supply.

One frequently hears people say that the rate of interest does not matter, and there is no doubt a considerable inertia in the savings habits of many people. But the same is true of spending habits. Nevertheless, merchants still find that lower prices move the goods. Any citizen alert to opportunity offered by compound interest to build a nest egg of investment capital—or alert for that matter to the need for higher rates to compensate for dollar shrinkage—is governed closely by investment yields. . . .

Ernst A. Dauer, director of consumer credit studies, Household Finance Corp:

Under present conditions an increase in the rate of interest can have both a direct and an indirect effect in increasing the volume of savings. With the stock of consumer durable goods high and in relatively good condition, the increased rate of return on savings could have a significant effect, in the balance, on consumer decisions to buy durable goods or

to save. In addition, the higher rate charged on home mortgages may, through its deterrent effect upon the purchase of homes, indirectly result in an increase in savings.

Geoffrey H. Moore, National Bureau of Economic Research:

Higher interest rates increase the interest income of individuals. Since this income goes in large part to those whose savings rates are high, this will tend to raise the over-all savings rate.

Higher interest rates increase the cost of borrowing, and make holding cash more expensive. Business firms make extra efforts to conserve cash, invest all surplus liquid assets so as to yield a return, and reduce borrowings. Probably this tends to increase business savings, both by corporations and by the owners of unincorporated businesses.

Some consumers may be induced to save more by the higher interest return, but probably more important is the influence of both the higher rates and more restrictive terms on borrowing. Reduced borrowing means reduced spending and increased saving. . . .

II. The "Nay" Sayers

Twenty economists took the opposite tack—that interest rates don't significantly affect saving. They stressed two main points: (1) Moderate changes in interest rates just don't exert much influence on people's saving habits and (2) changes in the rate of saving are primarily caused by changes in income. And they leaned more heavily than the "ayes" on specific studies of the subject to support their views. Among the evidence cited:

- Raymond Goldsmith's *A Study of Saving in the United States*, which finds that changes in income accounted for two thirds of all changes in saving during the first 50 years of this century.

- Edward Denison's research at the U. S. Dept. of Commerce—showing that, regardless of interest rate levels, saving is remarkably steady at slightly less than 15% of gross national product, except in depression and war.

- George Katona's research on consumer saving at the University of

Michigan's Survey Research Center, which reveals very little connection between personal saving decisions and interest rates.

- The recent failure of the Swedish government, even by pushing interest rates on savings accounts up to 8%, to generate much additional saving.

As the following comments suggest, the economists sometimes chose different roads to reach the same negative conclusion, however.

Avram Kisselgoff, economist, Allied Chemical & Dye Corp.:

There is no empirical evidence that fluctuations in interest rates affect significantly the volume of sav-

ings. To a great majority of families and individuals the urgency of current wants seems more important than concern for the future. An expression of this attitude is found in the widespread use of installment sales credit, often at considerable cost, to advance the acquisition of goods. This desire of consumers to maintain and improve their present standard of living makes savings relatively inelastic with respect to interest rates.

Large increases in interest rates probably could induce consumers to curtail their expenditures and thus expand savings but the magnitude of the required rise in interest is likely to be greater than can be expected to occur.

Abba P. Lerner, Columbia University:

I would not expect a moderate change in the rate of interest to have important effects on the volume of saving. "Save before you spend," say the government bond ads. But only when saving for a relatively short period does it make sense to calculate how much future consumption you can get for the sacrifices made. And in such short periods the interest does not amount to much. . . . In the second place, an in-



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crease in the rate of interest sometimes works the wrong way. . . . Bigger interest will take care of more of the final sum you are aiming at; so you needn't save quite so hard. Nor need you even bother to work this out for yourself. The insurance companies will reduce the premium on endowment policies because they can earn more interest on your saving. You may then spend the difference (which means you may save less) just because the rate of interest is higher.

Seymour E. Harris, Harvard University:

The classical position was, of course, that higher rates induce more savings. Keynes exploded this theory in showing that savings depend on income as well as the rate of interest. Hence, should higher rates, through effects on investment, public and private, and purchases of durable goods through credit, reduce income, the result may well be reduced savings, not higher savings. . . .



In one sense, the old theory seems supported. Personal savings rose in 1956. Later effects on income are, however, still to be considered.

But the major objective of higher rates, a decline of investment and a reduction of lending, was far from achieved—perhaps fortunately. Both loans and business investments continued to climb. The pressure of high rates was felt in housing, in demands of small business, in requirements of state and local governments, which need \$40-billion in 10 years for classrooms and are becoming panicky over the rising costs of money. . . .

Walter E. Hoadley, Jr., treasurer, Armstrong Cork Co.:

Contractual or "committed" savings—payments of insurance premiums, pension fund contributions, debt repayment, and even payroll deductions for government bonds, thrift funds, and Christmas Clubs—seem to be particularly insensitive to modest interest rate changes.

It is doubtful that the rate and volume of uncommitted or discretionary savings are much influenced by shifting interest rate levels. It seems illogi-



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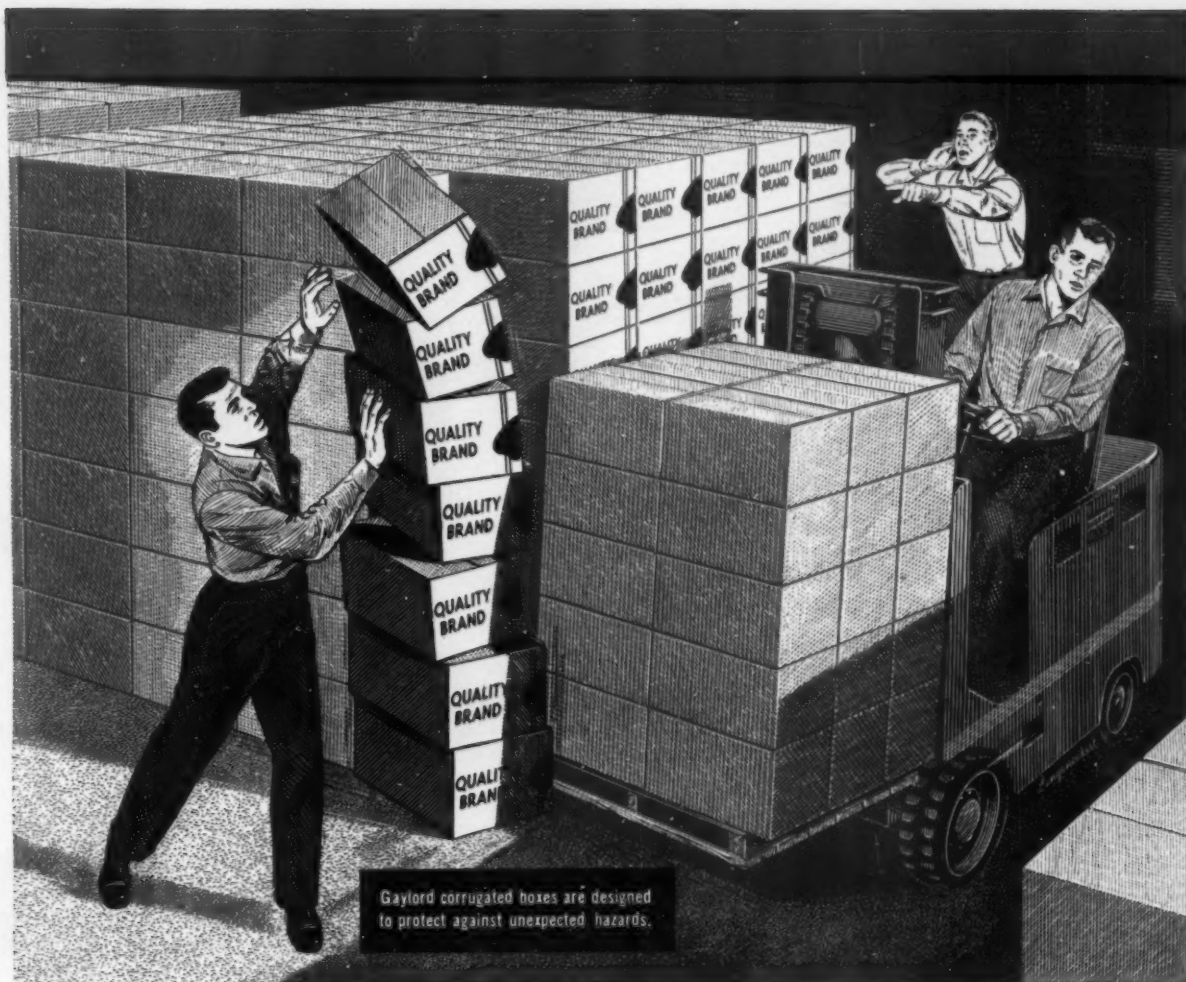
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cal to expect that the lure of an additional $\frac{1}{2}\%$ or $\frac{1}{4}\%$ per annum at the local savings institutions would be sufficient to prompt the typical consumer to defer purchase of a new car or a new gown.

Richard A. Musgrave, University of Michigan:

While there is no clear extreme either way, I seriously doubt whether a moderate increase in the rate of interest by, say, 1 to 2 percentage points would significantly affect the level of personal saving. Some would save more, others less, and the net result would hardly be very large. Indeed, it might be in either direction. The level of income, the economic outlook, and price anticipations are more important factors.



Sumner H. Slichter, Harvard University:

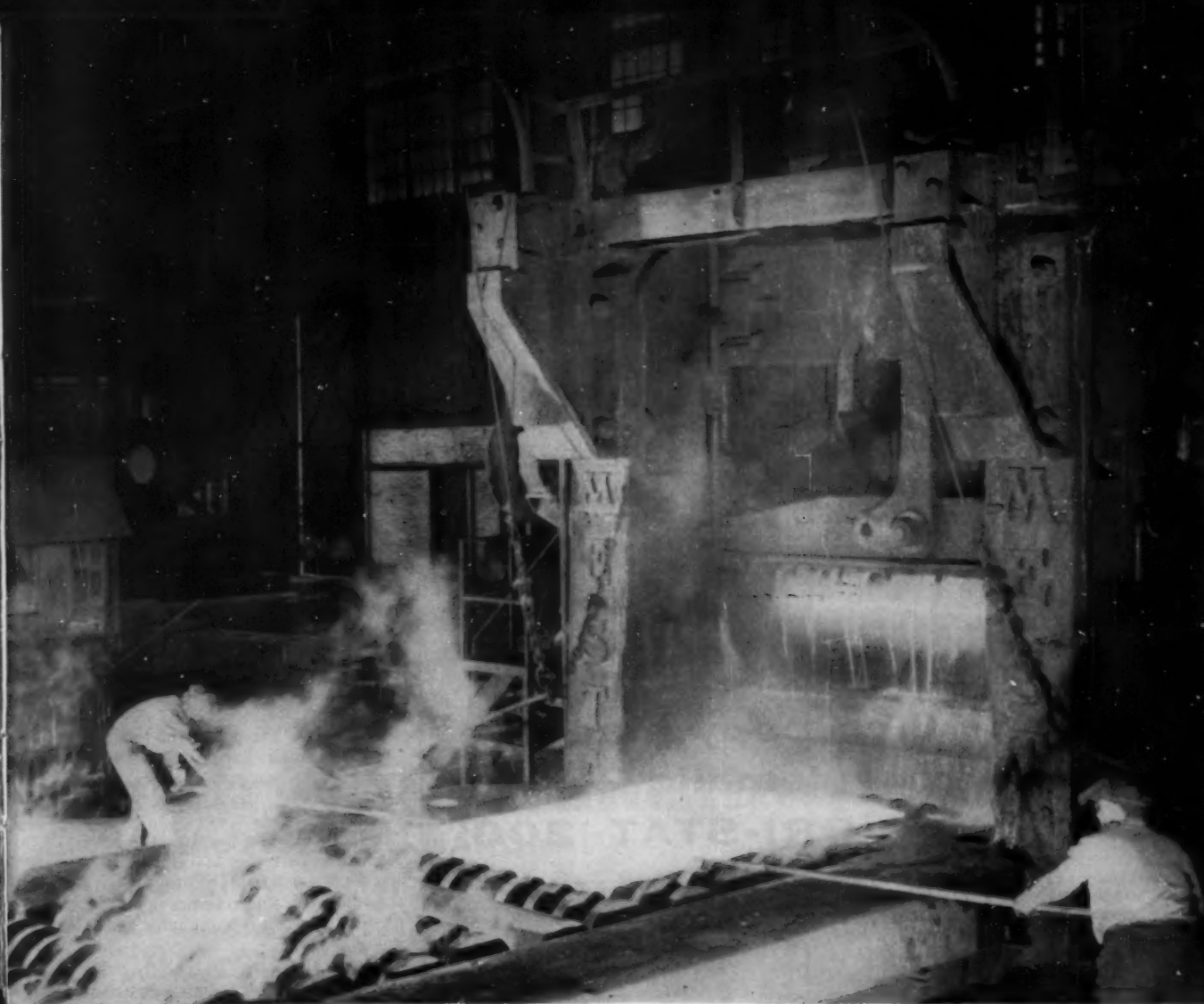
In the case of most personal saving, I think that changes in the rate of interest have very little effect upon the amount of saving that is done. ... I think that raising the rate of interest will cause more units of future income to be purchased, but it will probably not raise the amount spent in purchasing them. In other words, the demand for future income in terms of present expenditures is an inelastic demand, not an elastic one.



James S. Early, University of Wisconsin:

I believe that, within wide limits, changes in rates of interest will have no substantial effect on the volume of savings. Many of our leaders of financial institutions are, I think, suffering from an optical illusion. ... They see that, because their particular institution or type of institution raises interest rates or lags behind others in doing so, the





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flow of funds to or from their institutions varies quite noticeably. They tend to identify these funds with "savings" whereas they are in fact mainly transfers of existing funds or a rechannelization of savings that would go on pretty much independently of interest rate differences.

As for indirect effects of interest rates on savings, I remain Keynesian enough to believe that it is primarily a matter of income levels, liquidity, the value of assets, expectations, and such factors that determine consumption levels, rather than interest rates. If rising rates should choke off investment to a point that would bring declines in employment, they would actually reduce savings.

III. Yes—And No

The answers from eight economists could not fairly be labeled "yes" or "no."

Some, like that from Prof. William J. Fellner of Yale, were outright "yes and no" replies. Fellner's conclusion: "When a policy of higher interest rates is compared with the available alternative policy, the conclusion should be that higher interest rates produce more private voluntary saving (although presumably less private-plus-public saving—that is, less private saving plus tax revenue)."

Others, like the three quoted below, seemed to be trying to justify high interest rates as an anti-inflation measure, regardless of uncertainties about the relation between interest rates and saving.

William F. Butler, vice-president, the Chase Manhattan Bank:

In an attempt to contain inflation, the Federal Reserve has pursued a tight money policy and the Treasury has run a sizable cash surplus. Both policies are designed to maintain a balance between saving and investment at a high level. Thus a cash surplus reduces the purchasing power of taxpayers. And a tight credit policy acts to place a check-rein on the ability of commercial banks to increase loans, as well as to raise the whole structure of interest rates. These higher interest rates, which are designed to encourage more saving, are the result of intense demand pressing against a restricted supply of available credit.

Actually, savings have increased substantially since these policies were adopted. . . . The fact that prices have





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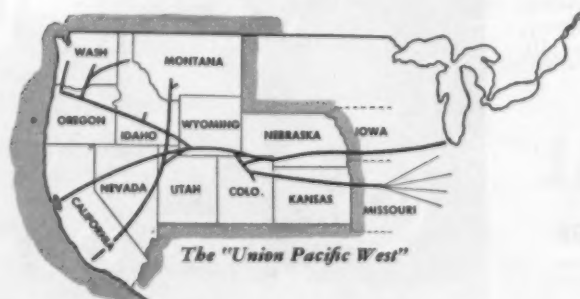
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INDUSTRIAL DEVELOPMENT DEPARTMENT

UNION PACIFIC RAILROAD

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gone up moderately shows that these policies have not been entirely successful. However, they have been working in the right direction and, in my judgment, have prevented what otherwise would have been a substantial degree of price inflation.

Lester V. Chandler, Princeton University:

The effects of rising interest rates on the volume of saving is an interesting and perhaps even an important question. However, neither the wisdom of the commercial banks' decision to increase their rates on savings deposits nor the desirability of the restrictive monetary policy necessarily depends on its answers. (1) The prime motivation of banks was to retain savings and to end the drain to other institutions and other types of investment. Their concern was more with their share of total savings, rather than with the aggregate volume. (2) Federal Reserve policy, aimed primarily at restricting the expansion of total bank credit, would be justified even if the volume of saving were completely unresponsive to interest rate changes. Inflation may be fought as effectively by holding investment spending down to the level of available saving as by raising savings.



Weldon Welfling, Simmons College:

Of course, theory gives no clear answer to the elasticity of savings in relation to interest rates; saving is supposed to relate more closely to income than to interest. However . . . saving can be "sold," like merchandise, and I think with high repayments of consumer credit



and consumers being fairly well stocked with durable goods, saving could be sold. Suppose a saving bank ran advertisements comparing what various items cost two comparable families, one of which paid X% for consumer credit, the other receiving 3% while it saved the purchase price.

What I am saying is that changes in the rate, by themselves, don't have much effect, but could set the stage for promotional measures that might have. **END**

40-ft-long Stoker-fired Incinerator

One of four 250-ton-per-day C-E Stoker installations in New York's South Shore Incinerator Plant, Brooklyn. A duplicate installation is on order for the city's Greenpoint Plant, Brooklyn, and three similar units are now being installed at the Manhattan E. 73rd St. Plant. These plants were designed by the Department of Public Works and are operated by the Department of Sanitation.

a better way to...

GET RID OF REFUSE

REFUSE — its a big problem for cities and for industries, too. Usually, the best way to get rid of it is to burn it. That's what New York City does — using enormous stokers like the two shown in the incinerator furnace above, which can burn nearly two hundred and fifty tons of garbage and all kinds of refuse a day.

Four C-E stoker-fired incinerators like this went to work in the vast New York refuse disposal system two years ago. Since then, seven similar units have been ordered.

These stokers are specially designed to meet a special problem. But stoker units like this can burn mountains of industrial wastes, too. Moreover, combined with a waste heat boiler, they can be used to generate steam for space heating or process work.

Other "waste" materials are also handled at a profit in C-E equipment. Bagasse — sugar cane refuse — is a thoroughly practical fuel, when it's burned in a specially-designed C-E Stoker-Boiler unit. Bark and wood chips, too, are more valuable fuels — now that Combustion has designed equipment to utilize them efficiently.

Even vast quantities of sewage sludge are dried to a saleable fertilizer, or burned to a sterile ash, in C-E Raymond Flash Drying Systems.

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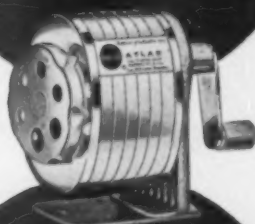
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B-915

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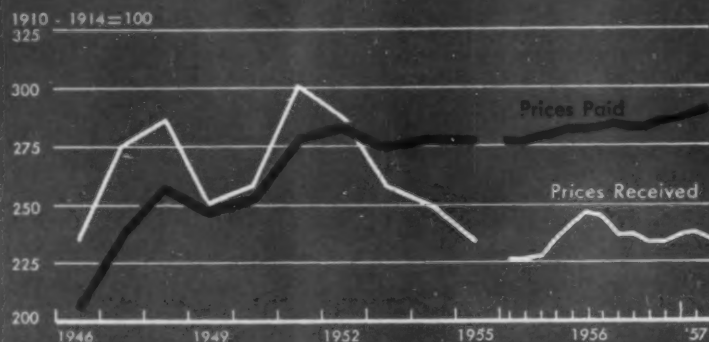
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CHARTS OF THE WEEK

The Farm Price Situation



Data: Dept. of Agriculture.

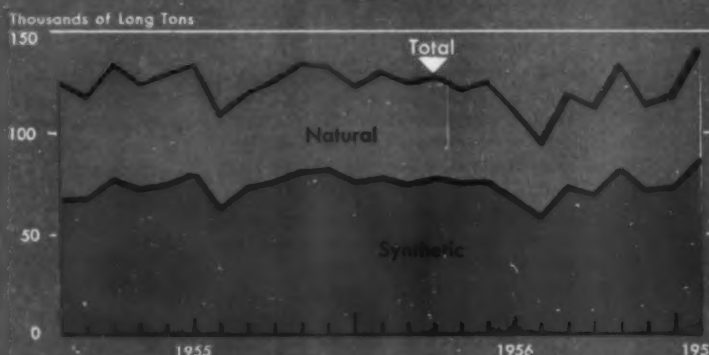
Farmers Get Less, Pay More

In February, the gap broadened between what farmers received for their products and what they paid for daily living items. Agricultural commodities brought 2% less than they did in January. (Price declines for hogs, tomatoes, lettuce, dairy products, and potatoes more than offset slight increases for oranges, chickens, and some vegetables.) Over-all, prices were 3% above year

ago, and 27% below the record high of February, 1951.

Prices paid by farmers rose 1% from January to February. Thus the squeeze on the farmer became the tightest since World War II. The parity ratio — the ratio of prices received to prices paid — dropped from 82 in January to 80 in February, the lowest level since the end of World War II.

New Rubber Consumption



Data: Rubber Manufacturers Assn.

The Biggest Bounce Ever

U.S. consumption of new rubber in January rose to a new monthly peak of 140,000 long tons, topping the previous

high set in June, 1955. The January figure was 5.9% above the same month in 1956. This record came at a time when

You have to move fast

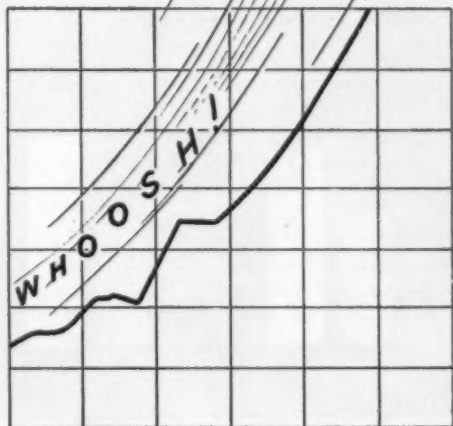


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jump on today's
expanding market**

Industrial companies are spending more than \$5½ million every twenty minutes for needed goods and services. In spending that much money, they move mighty fast. But *you* have to be even faster to sell to today's dynamic industrial market. Especially if you want to thoroughly cover your customers and prospects among the thousands of industrial companies that are spending this vast sum.

A sound, well-balanced advertising program can help your sales force make an immediate impact on this big market—the market that won't wait to be sold, because it can't wait to buy.

To keep ahead of this expanding market, put hard-hitting industrial advertising on the job. It will give you a greater return on your sales investment.



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271 Madison Avenue, New York 16, N. Y.

An organization of over 4000 members engaged in the advertising and marketing of industrial products, with local chapters in ALBANY, BALTIMORE, BOSTON, BUFFALO, CHICAGO, CLEVELAND, COLUMBUS, DALLAS-FORT WORTH, DENVER, DETROIT, HAMILTON, ONT., HARTFORD, HOUSTON, INDIANAPOLIS, LOS ANGELES, MILWAUKEE, MINNEAPOLIS-ST. PAUL, MONTREAL, QUE., NEWARK, NEW YORK, PHILADELPHIA, PITTSBURGH, PORTLAND, ROCHESTER, ROCKFORD, ST. LOUIS, SAN FRANCISCO, TORONTO, ONT., YOUNGSTOWN

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Men's Problems

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Positions Wanted

Labor Lawyer Exp. with NLRB, Labor dept; seeks spot with firm, assoc., other. PW-4510, Business Week.

Purchasing Agent or Assistant, age 29, married, ambitious, aggressive, college, 7 years manufacturing experience in Packaging, Printing, Paper, Corrugated, Maintenance, Office Equipment and supplies, Electrical Equipment and supplies, wire forms, Screw Machine parts, castings, fibre, stampings. Resume on request. PW-4591, Business Week.

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Selling Opportunities Wanted

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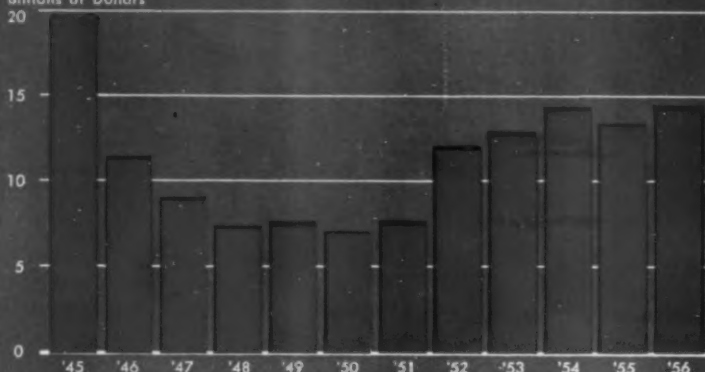
hopes of a rising trend in auto output were brighter than subsequent results justified. But demand for replacement tires is rising, and will continue as a principal source of demand for rubber.

The January gain over a year ago was all in synthetic rubber, which rose 10.4% over January, 1956. Natural rubber use actually dropped 0.7%. Synthetic's big attraction is price—it costs 23¢ per lb., while natural soared as high as 38¢ per lb. last fall before the Suez Canal was closed. Natural's price has since dropped to about 30¢, but it's still well above synthetic. Capacity of synthetic plants has grown, and a further boost is expected this year, so the industry will be able to meet a rising demand.

Selected Investments of Individuals

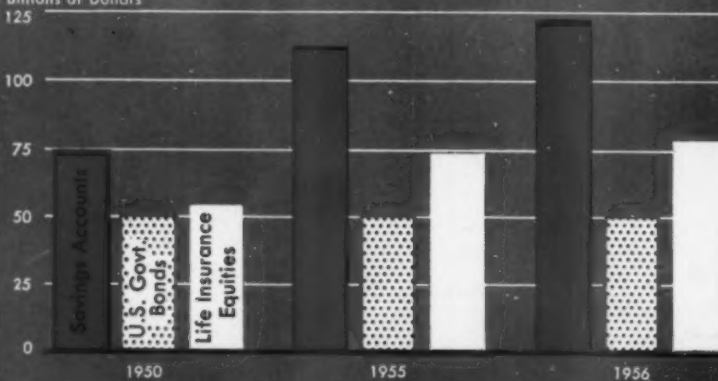
Net Increase

Billions of Dollars



Forms of Investments

Billions of Dollars



Data: Federal Home Loan Bank Board.

Still Adding to the Nest Egg

Despite complaints that Americans aren't saving enough money, savings accounts, U.S. savings bonds, and life insurance equities were \$14-billion fatter last year than in 1955, according to the Federal Home Loan Bank Board. This was the biggest year-to-year increase since 1945—topping 1955's gain by \$1-billion—and brought the grand total of such savings to \$249-billion.

In the tremendous growth of these forms of piggy banks, the largest share has been in savings and loan associations and savings banks. Credit unions have scored large gains, percentagewise, but are still a small part of the total. Life insurance also has become popular, but government bond holdings didn't increase last year, and were only 1.2% higher at the end of 1956 than in '50.

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A Hard Look at Government Spending

The pressure is on the Administration to cut government spending. Ever since it announced its \$71.8-billion budget for 1957-58, there has been growing uneasiness and resentment in Congress, in the business community, in the nation as a whole.

The widespread feeling that the budget is too big has forced the Administration into a very peculiar posture. The President at first said that the budget represented the best efforts of the Administration. But Treasury Secy. Humphrey criticized it, and urged Congress to cut it. Now Budget Director Percival Brundage has asked for a review of all spending, and Pres. Eisenhower has given his endorsement to such a review.

This willingness to look and look again for possible economies is healthy. It is, in fact, the only basis on which sound fiscal policy can be built.

But both the Administration and the public have to face the fact that this kind of review is not going to produce sweeping economies that will cut spending significantly. The very fact that the Administration has weeded out much waste and extravagance left by its predecessor means that there is no longer a possibility of dramatic savings.

Secy. Humphrey said as much last week when he declared that "the really substantial reductions in government spending can only come from changes in program."

In other words, the only way to cut the budget in any substantial way is to abandon spending projects. Such a spartan policy certainly deserves consideration. But one should not have any doubts about just what it involves.

Certainly all but those few who favor economy at any price would resist cutting our defense program. Yet it accounts for 63% of the total budget and over 70% of the increase in spending ticketed for the next fiscal year.

There appears to be mounting pressure to cut the \$4.4-billion foreign aid bill, which is a part of the security budget. But Eisenhower declared that he will resist this on the grounds that it is injurious not merely to our allies but to the U. S. itself.

If security is essential, and most Americans agree that it is, then take the 25% of the budget that goes for programs established by Congress. They include farm support, welfare payments, interest on the national debt, and other services. The Administration has no leeway in these measures—it merely administers what Congress has legislated.

This leaves some 12% of the budget. Much of this portion is for expanded public works and social service projects—school construction, roadbuilding, irrigation, health and welfare.

Spending in these areas can be reduced or even eliminated. But they have been acknowledged

"needed public assets" by Eisenhower himself. They are not pump-priming devices or frilly extravagances—most of them, already long overdue, are vital for our continued well being.

No one likes the size of the budget. But the way to cut the budget is not to swing the meat ax blindly. If the cry for economy is genuine—if congressmen, businessmen, and the public really mean that they want to spend less—then they must decide what government activities they are prepared to do without.

In making that decision, they will have to remember that the Administration has geared its 1957-58 proposals to growth. The pressure for lower spending must not force cuts that will sacrifice programs essential to a growing economy. For if it does, the final cost is likely to be far greater than anything that can be saved in the next 12 months.

A Healthy Approach

The Senatorial investigation into the shady and illicit operations of labor union officials is welcome and overdue. Five years ago, the New York State Crime Commission laid bare in all of its unsavory details the anatomy of union-gangster-employer corruption on the New York waterfront. The Senate committee now probing similar relationships involving the Teamsters Union in the Northwest has already made clear that more than business costs and economics are involved. Spreading into vice and prostitution, gangster-union ties affect the health and morality of the community.

Revelations already made, and others sure to come, will stoke up an insistent demand for reform. And this, too, is a good thing. But it must be remembered that a great majority of labor union officials are just as revolted by the conduct of a few of their colleagues as the public. The committee has the support and cooperation of the AFL-CIO. It is vitally important that it keep such support.

For remedies and reforms to be effective, more than the passage of legislation will be required. A combination of law enforcement and voluntary action by the unions themselves is what is needed. Hence it is necessary, if the investigation is not to degenerate into just another TV show, for the committee to move only where it is sure of its ground.

Here is an opportunity to do substantially more than make some transient headlines. Those who are afraid of the committee should not be given an opportunity to charge that it is a "witch hunt" or an "anti-labor" tactic. Its strength lies, not only in the force of public opinion, but in its support by decent labor leaders. That asset must be husbanded.



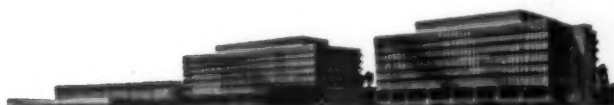
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